

Doing Business in Poland

In our brochure we present information about Poland as a reasonable investment place in the middle of Europe.

A|T|A Finance



Our Vision & Mission

We are distinguished by professionalism enhanced by our experience in servicing foreign entities.

We can undertake interdisciplinary and non-standard projects thanks to versatility of the ATA Finance team but also our full engagement, ability to quickly and effectively react to Client needs, and flexibility.

We always try to closely cooperate with our Clients – full knowledge on conducted business not only facilitates understanding Client's needs but also guarantees the success of postulated solutions. We believe that mutual trust constitutes the basis of perfect cooperation!



ATA Finance is a team of specialists, including certified accountants, tax advisors and other experts.

Providing our services to international Clients we benefit from the know-how of foreign specialists associated in PrimeGlobal.



Contact Us

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Our services

→ Accounting services

- accounting services connected with commencing business in Poland,
- ongoing bookkeeping,
- ad hoc assistance for accounting department staff,
- preparation of periodical tax declarations, returns, information and other statistical reports,
- preparation of documents connected with the end of the financial year,
- assistance in case of a tax inspection and audit,
- conducting regular reviews of accounting documentation,
- advice and assistance in complex accounting issues,
- financial statements preparation according to Polish and international accounting standards,
- preparation of reports and analyses for the management board,
- preparation of consolidation reports and statements in accordance with the standards adopted by the Client's entity.

→ Payroll and HR services

- calculation of staff salaries including tax and insurance charges of the employer and the employee,
- preparation of tax and insurance declarations on behalf of the employer,
- salaries and financial receivables payments management,
- costs of salaries reports to the board and financial department,
- personnel administration maintenance,
- tax and insurance reviews of salary settlements, including verification of documentation,
- trainings on payroll and personnel administration,
- trainings on calculation of initial capital and completing documentation.



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CEO, Managing
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Areas of practice:

- business consulting,
- corporate advice and services,
- management support,
- financial services,
- HR and payroll support and services.



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Areas of practice:

- financial accounting and reporting,
- HR and payroll,
- management reporting.



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Areas of practice:

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Marcin Sobieszek
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Areas of practice:

- CIT and transfer prices,
- international tax,
- mergers, divisions, restructuring,
- tax planning.

→ Tax advisory services

- preparation of transfer pricing documentation,
- advice within the scope of international tax law,
- tax reviews (the so-called due diligence) and tax optimization,
- preparation and participation in the process of merging, dividing and transforming business entities and transactional support,
- consultations and written opinions within the scope of all taxes and customs duties,
- settlement of taxes for non-residents,
- consultations and written opinions within the scope of all taxes and customs duties,
- handling tax inspections and proceedings, as well as representation before administrative courts in tax cases.

→ Other services

- new companies' establishment,
- services related to sublease of company's seat address, individually adapted to client's needs.

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Areas of practice:

- VAT,
- CIT and transfer prices,
- international tax,
- tax procedures,
- Polish investment zones.

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Areas of practice:

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General information on Poland

→ Location

Located in the exact geographical center of the European continent

→ Capital city

Warszawa (Warsaw in English)

→ Population

Approx. 40 million. The 5th most populated country in the EU

→ Currency

Polish zloty PLN. 1 PLN≈0,23 EUR.
1 PLN≈0,25 USD. 1 PLN≈0,55 RMB.



Interesting facts about Poland

→ **Marie Curie was Polish** – the famous scientist, known for discovering radioactivity, was born in Warsaw as Maria Skłodowska,

→ **Nicolaus Copernicus was Polish** – astronomer who formulated the heliocentric theory, proving that the Earth orbits the Sun,

→ **Poland is home to one of the world's oldest Salt Mines** – the Wieliczka Salt Mine near Kraków, operating since the 13th century, features underground chapels, sculptures, and lakes carved entirely from salt,

→ **Polish pierogi** - one of the most iconic and beloved dishes in Polish cuisine. These dumplings are made from unleavened dough and filled with a variety of ingredients. They are boiled, sometimes pan-fried, and often served with toppings like butter, sour cream, or crispy onions,

→ **Poland loves doughnuts** – "Fat Thursday" (Tłusty Czwartek) is a national holiday when people eat thousands of doughnuts (pączki) before Lent begins,

→ **Polish language is tough** – it's one of the hardest languages to learn, with seven grammatical cases and complex pronunciation.



Polish economy

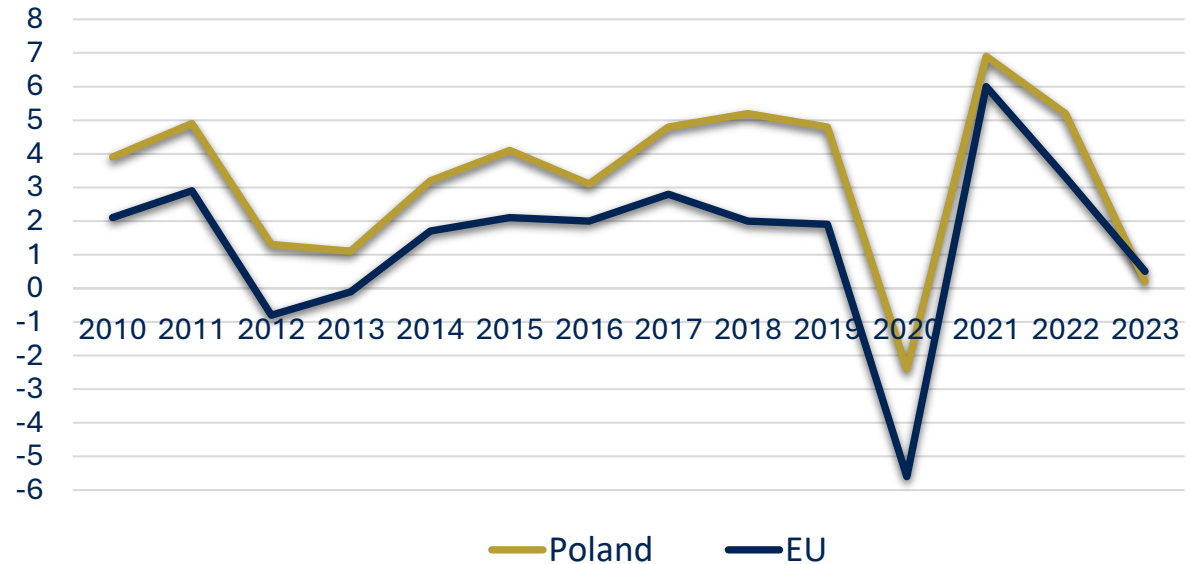
Poland has one of the fastest-growing economies in the world, ranking as the 6th largest in the European Union (EU) by nominal gross domestic product per capita (GDP) and the 5th largest by GDP based on purchasing power parity - PPP (*Trading Economies*, December 2023) and 21st in the world ranking (*World Bank*, 2023).

The country has coped well with the challenges of the global crisis caused by the COVID-19 pandemic, achieving an impressive 5.1% economic growth in 2022. Although momentum weakened somewhat in 2023, growth remained positive (+0.6%), mainly due to the contribution of net exports.

→ Polish GDP growth

In the second quarter of 2024, Poland achieved the highest annual and quarterly GDP growth in the European Union (*Eurostat*). According to the newest data from the European Commission, the predictions for Poland's GDP growth are 3% in 2024 and 3,6% in 2025. This will place Poland on the third place among the EU countries in 2025.

Poland GDP % 2010-2023



Source: based on data from Macrotrends

→ Unemployment rate

Poland ended 2023 as the second country with the lowest unemployment rate in the EU, standing at 2.7% in December. This indicates a slight decrease compared to November of the previous year (2.8%). Only Malta recorded a better result (2.4%). The rate in the EU was standing at 6,1% at the time, and in the Eurozone – 6,4%.

According to Eurostat, the unemployment rate in Poland in March 2024 was 2.9%, placing it this time - together with the

Czech Republic - on the first place among the EU countries with the lowest level of unemployment. In comparison, the EU average was 6% and the Eurozone average was 6.5%.

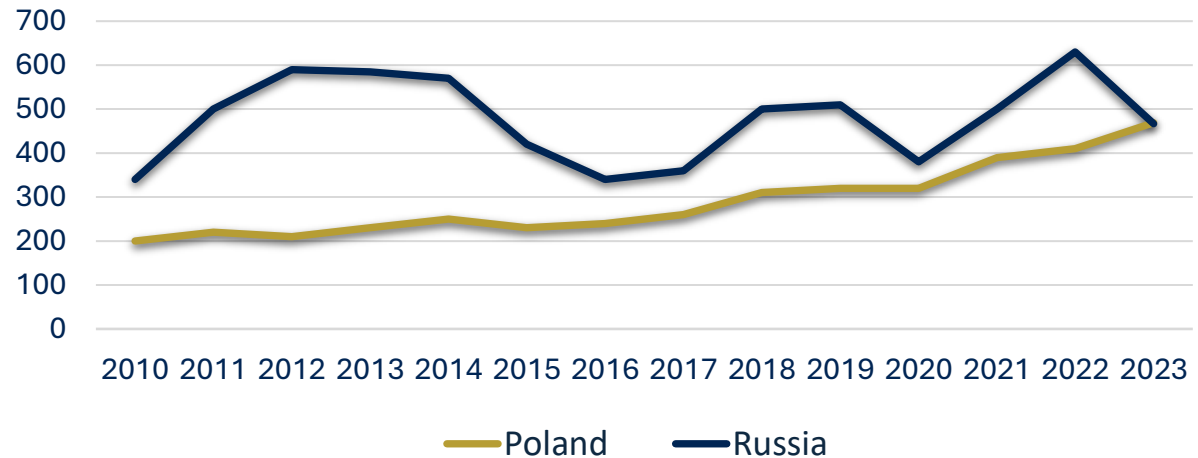
In the long-term, the Poland's unemployment rate is projected to trend around 5% in 2025 and 5.3% in 2026, according to our econometric models – one of the lowest rates in the EU.

Import and export

After joining the EU, the value of Polish exports increased and continues to be higher than median for EU countries. The country is playing an increasingly important role in international trade of goods, as confirmed by statistics and indicators from 2023. According to new data from World Bank, Poland achieved a significant milestone in 2023 by surpassing Russia in the value of exports for the first time on record. They also revealed that Poland has risen to become the 19th largest exporter in the world.

Both in 2023 and in previous years, Poland's largest share of exports was with developed countries - 86.6% (including the EU at 74.9%). Poland's main export partners in 2023 were Germany (27.94%), the Czech Republic (6.31%), France (6.14%) and the UK (4.96%). Poland's exports of goods and services reached \$469 billion last year (up from \$433.7 billion in 2022), compared to \$466.6 billion in Russia (down from \$640.9 billion in 2022).

Poland's and Russia's exports of goods and services in billion US \$



Source: Notes from Poland

Between 2001 and 2023, Poland's share of global exports grew by 0.95 percentage points, reaching 1.52% in 2023. This marks the highest result in the history of available data.

These data show that sales of goods produced in Poland and offered by Polish companies are growing dynamically,

characterized by high diversification and lack of dependence on one group of products or services. The key element of success is precisely the diversity of the export offer and the flexibility of the Polish economy, which is able to adapt to global turbulence and shortages of raw materials.

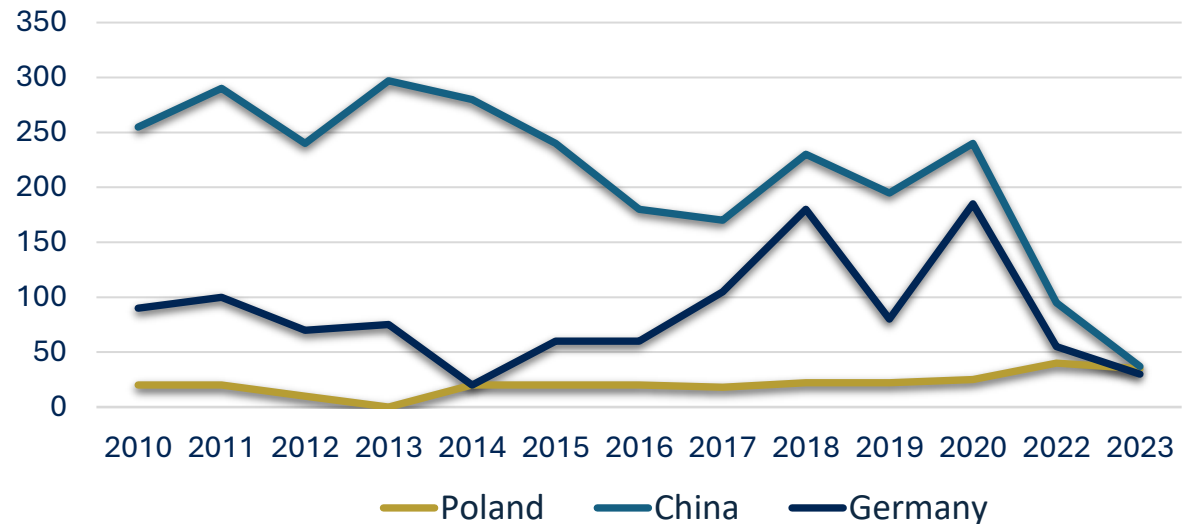


Investments inflows

Recent years have proven beneficial for Poland in terms of investment inflows. Compared to two major world economies - China and Germany, the net inflow of foreign direct investment (FDI) in 2023 amounted to 42.7 billion USD in China, 16.3 billion USD in Germany and 31.6 billion USD in Poland. The inflow of foreign investment in 2023 as a percentage of GDP was 0.2% in China, 0.4% in Germany, and 3.9% in Poland (Source: World Bank Statistics).

Poland has also been one of the greatest beneficiaries of EU support among the member states. Under the 2021-2027 EU budgetary framework, Poland should receive approximately 78.4 billion USD in cohesion funds, approximately 27 billion USD in grants and 37 billion USD in loan access from the EU Recovery and Resilience Facility.

FDI in billion US \$



Source: World Bank Statistics

The data highlights that the United States (with 52 projects and 9,805 jobs created) and Germany (36 projects, 2,000 jobs created) were the leading countries to invest in Poland last year. Following the top two spots were the United Kingdom (13 projects, 1,324 jobs created) and France (12 projects, 794 jobs created).

The flow of annual U.S. investment in Poland was estimated at over \$600 million by the National Bank of Poland in 2022.

The 2024 Kearney FDI Confidence Index (annual executive survey ranking countries likely to attract the most investments in the next three years) ranked Poland 23rd in its world rankings and 7th in its emerging markets index, citing Poland's technological and innovative potential.

Key industries

→ Furniture manufacturing

The furniture market in Poland contributes 2.3% to the national GDP. According to CSIL Economic Research Institute, Poland ranks third in Europe and seventh globally for furniture production. In terms of furniture exports, it holds the top position in Europe and ranks third worldwide.

Two significant events in the furniture sector are held in Poland. The "Meble Polska" fair is the largest furniture event in Central Europe, providing an excellent opportunity for establishing business contacts and is one of the most important furniture fairs in Europe. The Warsaw Home & Contract fair is dedicated to enthusiasts of quality interior design and leading companies in the sector, making it the fourth largest interior design trade fair in Europe (*Polish Investment and Trade Agency*).



→ Automotive industry

Poland is among the top 10 exporters of automotive components in the world. The automotive industry accounts for 8% of GDP and for about 13.5% of the value of total exports (*Polish Investment and Trade Agency, 2023*). The Polish automotive sector employed about 490,000 people in 2022, which accounted for 7.6% of all employed Poles. Such a high percentage of employees in this sector puts Poland in third place in the EU.

In 2023, Poland's automotive industry achieved outstanding success, setting a new record for the value of production sold, which amounted to over EUR 55 billion. Additionally, the industry witnessed a remarkable milestone as exports of automobiles and accessories surged to 38.2 million euros.

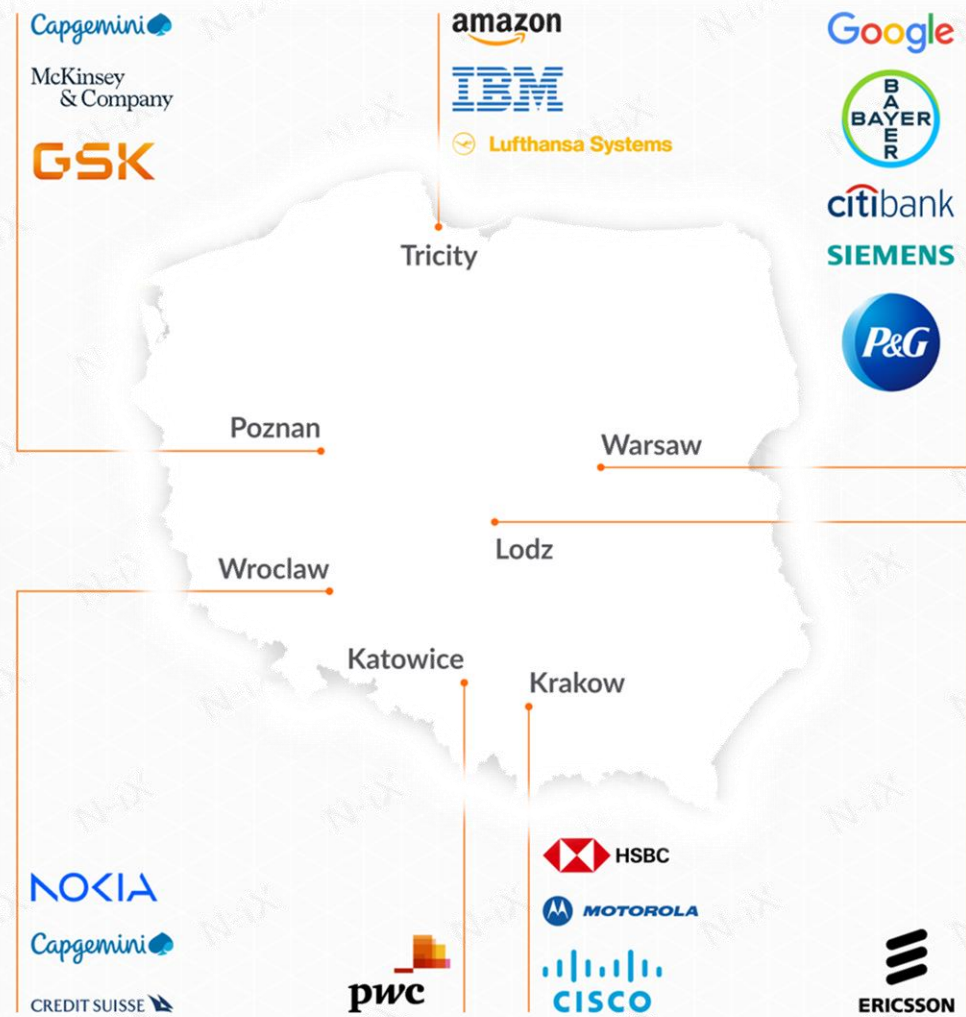
Major western companies with significant presence in the Polish automotive sector include Fiat, Opel, Toyota, Volkswagen, MAN Nutzfahrzeuge, Volvo and Scania AB.

→ IT sector

The IT sector generates 8-9% of Poland's GDP. The market's value is estimated at around €14-17bn. Poland is becoming increasingly important as a leader in IT within CEE region. Investments by global players, such as Google, Amazon, Microsoft, and Data4, in data centers in Poland further confirm the country's attractiveness for the technology industry. It is estimated that the value of Poland's IT exports will be close to €12bn by 2026, compared to €9bn in 2021 - an average annual growth rate of around 3.6% (*Polish Investment and Trade Agency, 2023*).

Poland holds the largest pool of technology talent in Europe, with over 295,000 programmers. Computer science is currently the most popular field of study here, with more than 44,000 students enrolling in 2022. Polish coders are among the most talented in the world, consistently achieving top scores in international rankings such as HackerRank, SkillValue by Pentalog, and the Global Skills Ranking by Coursera. Games are also one of Poland's strongest assets - companies such as CD Projekt and 11 Bit Studios are proof that Polish companies provide the best experiences for gamers around the world.

R&D and IT outsourcing centres in Poland



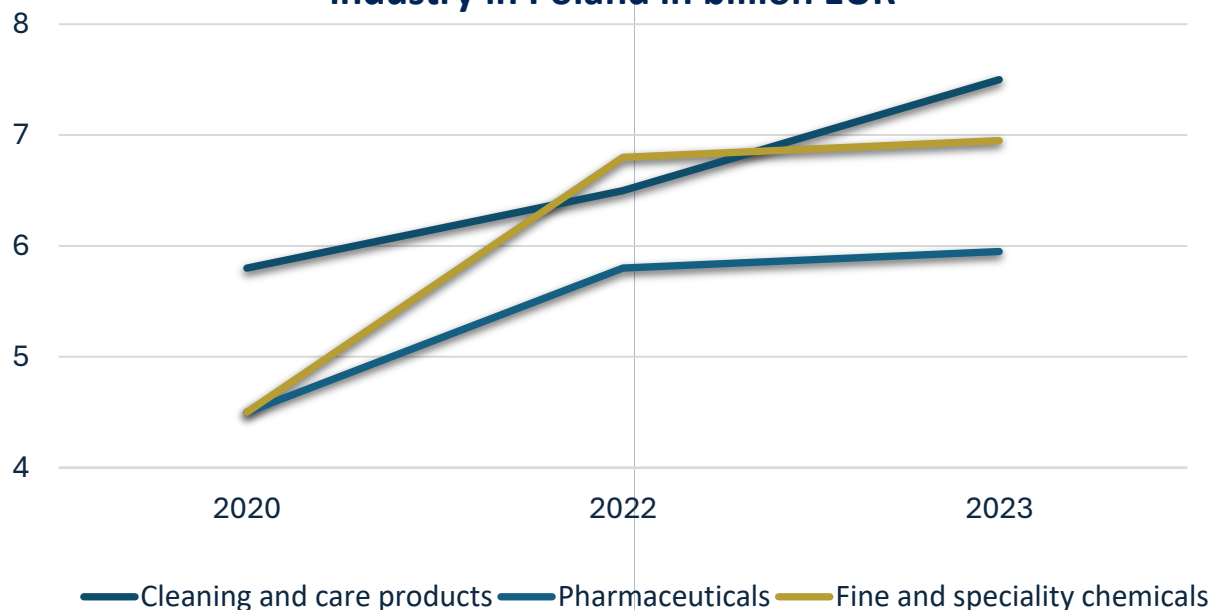
→ Pharmaceuticals, medical devices, and cosmetics

The pharmaceutical sector accounts for about 1% of Polish GDP, directly and indirectly creates nearly 100.000 jobs. Poland has also the largest medical device market in CEE - currently worth over €10 billion, with a projected €13.1 billion in 2024.

Poland is recording an increase in the number of companies producing medical and pharmaceutical products as well as those offering new technological solutions. The position of Polish companies operating in the medical and pharmaceutical sector in the international arena and their recognition abroad is systematically rising.

Between 2019 and 2022, Poland's pharmaceutical sector grew by 32.2%, with a further 16% increase in 2023. The value of Polish exports in this industry in 2022 was €4.4 billion, reflecting an increase of more than 50% compared to the previous year.

Export value of the chemicals and pharmaceuticals industry in Poland in billion EUR



Source: Statista

The total export value of the Polish medical devices and equipment sector exceeded €5 billion in 2022 and landed at €5.6 billion in 2023 - this is an all-time high record - never in history have we exported medical devices and equipment worth this much. The increase is mostly attributed to two main groups - orthopedic equipment, prostheses, and hearing aids (5% share in global exports), and medical and veterinary equipment (*Polish Agency for Enterprise Development Group*).

Poland also ranked as the 22nd largest pharmaceutical exporter in the world in 2023 (*Polish Trade and Investment Agency*).

The country is trusted by major industry players, such as AstraZeneca, Bayer or Pfizer, who establish their R&D, manufacturing, and BSS centers here and collaborate with Polish scientists.

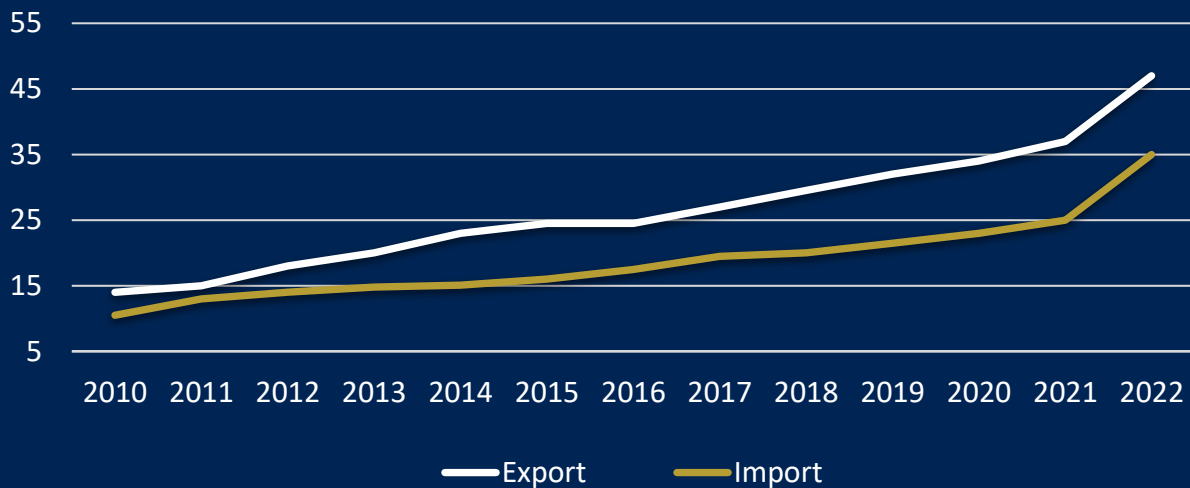
→ Food processing

The largest agriculture and processed foods industry in CEE, and the 7th largest in the EU, responsible for 7% of the country's GDP. 44.1% of the sector's output is exported abroad (€23.4 billion in 2020, according to Eurostat).

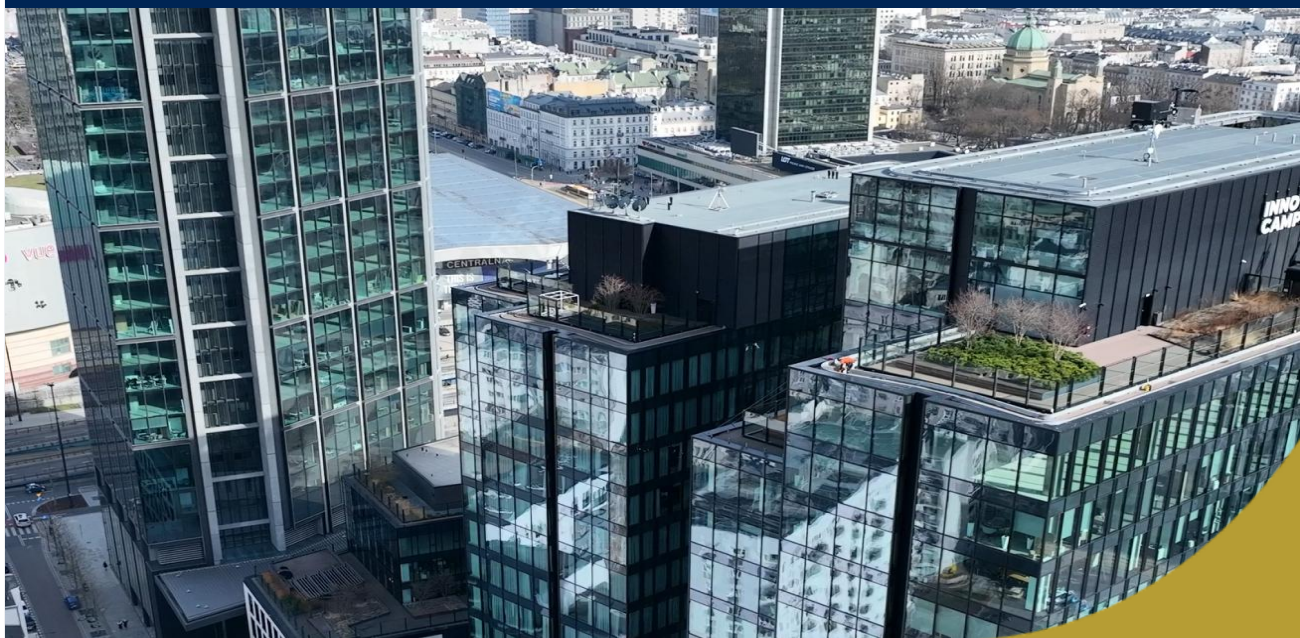
In 2021, over 1,270 companies operated in this sector, producing and exporting goods valued at over €35 billion (*Foreign Agriculture Service*, 2023). The native processing industry is known for its diversity, including the production of tobacco and alcohol in the long list of food products. Poland is a leading producer of fruits (apples, raspberries, blackcurrants, blueberries), meat, dairy products and mushrooms.

Since the early 1990s, many international interests such as Danone, Heinz, Unilever, Mondelez and Nestle have been expanding their operations into the Polish market. Poland is also the home well-known brands from around the world, like Mlekovita and Mlekpól, Maspex and Hortex.

Export and import value of food products in Poland (in billion EUR)



Source: based on data from Statista



Trending industries

→ Aerospace

In 2022, the value of Poland's exports in the aircraft, spacecraft, and parts thereof category exceeded €1.16 billion. Over 300 companies and research institutions operate in the space industry, employing around 12,000 workers. The Aviation Valley (an aviation cluster located in southeastern Poland) alone comprises 180 entities and provides jobs for more than 35,000 people.

With over 90% of its production exported - mainly to the USA, Italy, France, the UK, and Canada - Poland is well-regarded worldwide for its ability to meet the demands of leading international Original Equipment Manufacturers' (OEM's) such as Airbus Group, Dassault Aviation, AgustaWestland, Safran, and Thomson. In fact, Polish part manufacturing contributes to nearly every civil aircraft in the world.

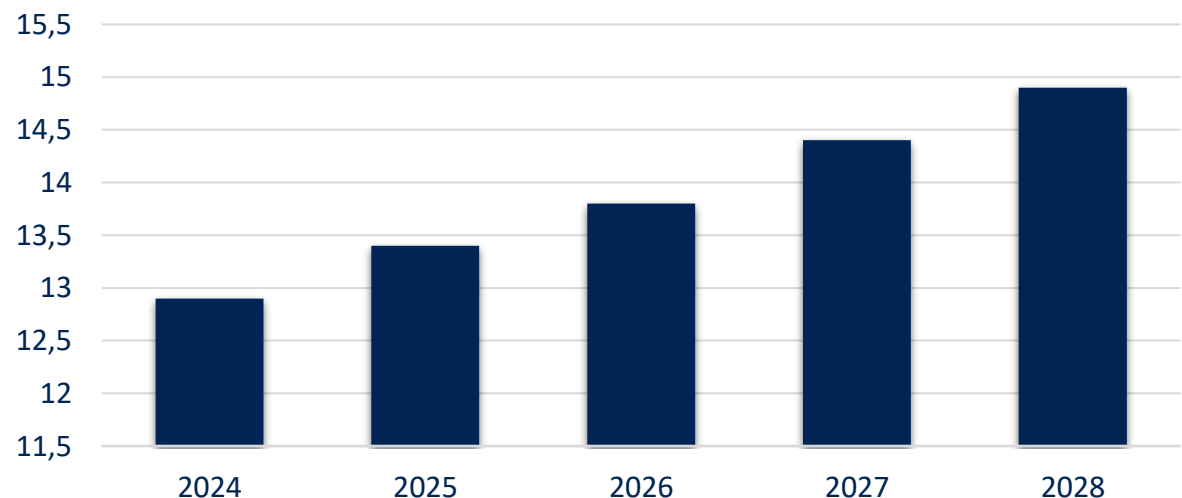
The production of air and spacecraft and related machinery in Poland has exhibited substantial growth from 2013 to 2019. After a significant drop in 2020 due to Covid-19 pandemic, the industry rebounded strongly with a 19.65% increase in 2021.

In February 2017, the Polish Government adopted the Polish Space Strategy, perceived as an important step in the modernization of the Polish economy, that emphasizes the importance of space for the global competitiveness and security of the nation now and in the future.

The Polish Space Strategy covers the years 2017–2030. The goal is to obtain a 3% market share by the Polish industry in Europe and the best possible use of satellite data for security and defense purposes, as well as to meet the domestic market's demand for related services by 2030.

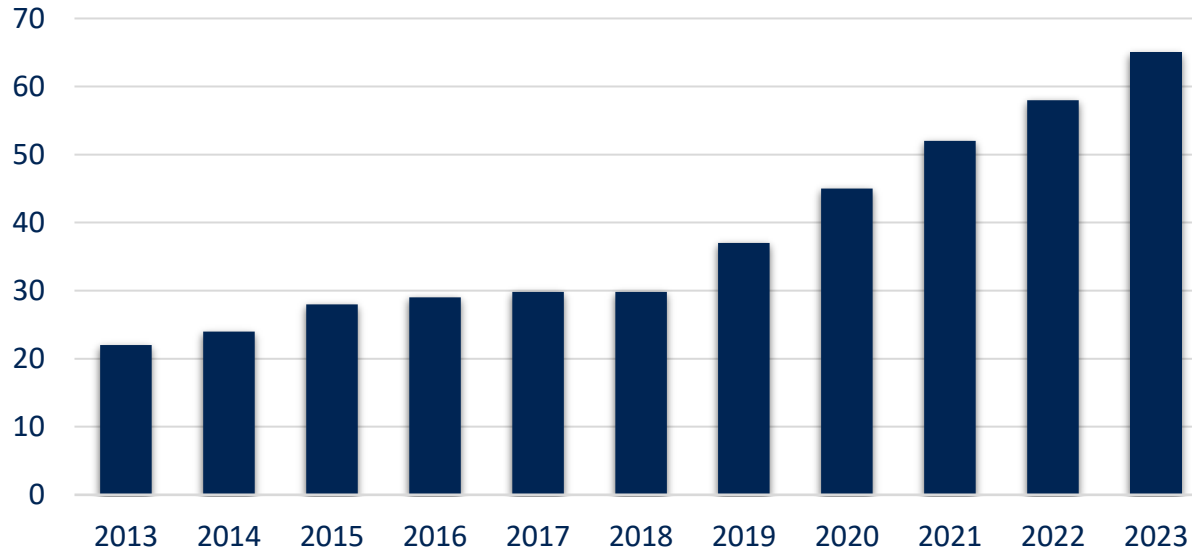
The forecast shows a steady growth rate with a forecast 5-year CAGR of 2.89% and an overall growth rate of 15.3% by 2028, signaling steady but modest growth of the industry.

Forecasted production of air spacecraft and related machinery in Poland (in million PLN)



Source: ReportLinker

Numbers of registered e-commerce stores in Poland in thousands



Source: Statista.com

→ E-commerce

According to data from the Chamber of Digital Economy, the number of online stores in Poland has been growing for a decade, with growth accelerating to 14% annually during the recent COVID years. These results position Poland among the fastest-growing e-commerce markets in Europe. The sector has seen a striking forecasted growth, from €11.12 billion in 2023 to an anticipated €19.4 billion by 2029, marking a 75% increase over six years (*Statista.com*).

The authors of the report “Prospects for the Development of the E-commerce Market in Poland 2018-2027” project that by 2027 the number of e-consumers in Poland will increase by 3.4 million, supported by an additional 100,000 sellers. Between 2020 and 2023, the number of online purchases grew by an average of 5% per year, and the average basket value increased from PLN 233 (EUR 54) in 2020 to PLN 304 (EUR 70) in 2023.



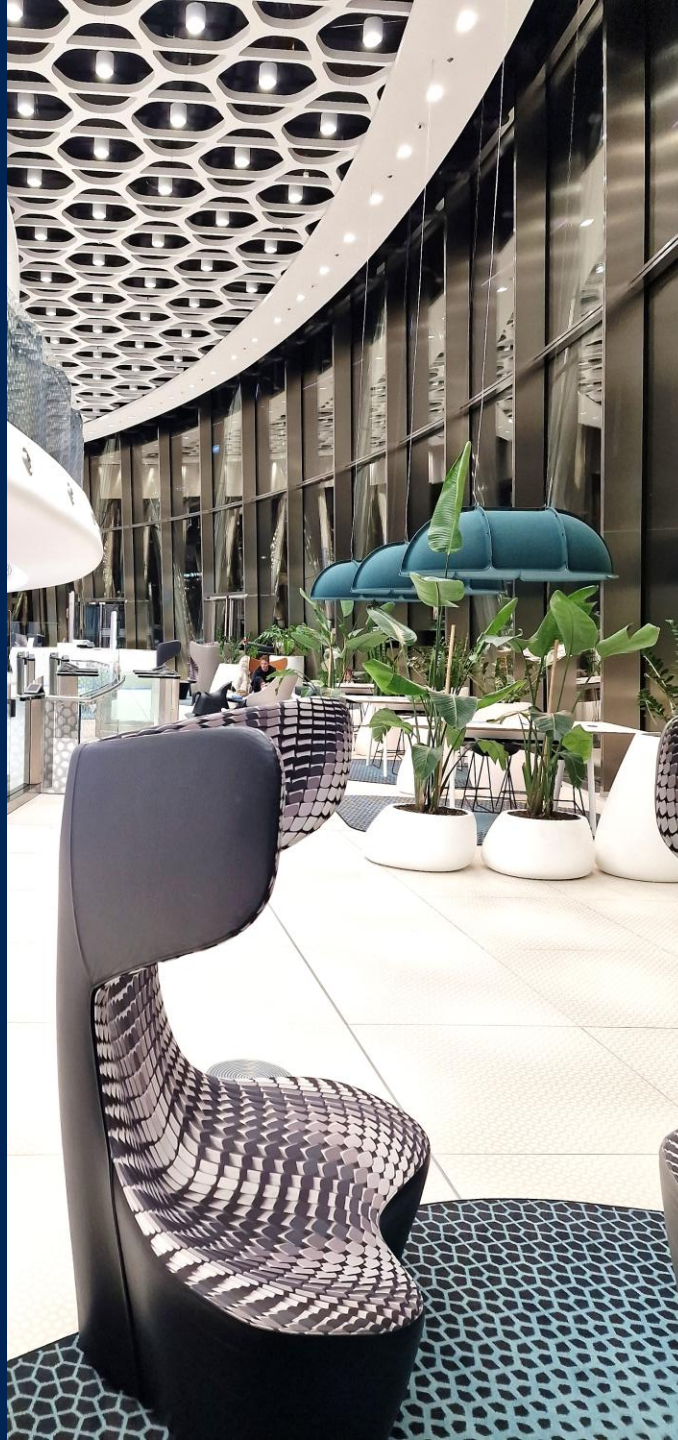
→ White goods

Poland has long-standing traditions in the production of household appliances. Currently the sector generates revenues of almost €7.2 billion, the equivalent of over 2.53% of Poland's GDP. In recent years, Poland has become the European leader in terms of household appliances with most of its production of the large household appliances intended for export (85% of production). There are currently 35 household appliances factories in Poland including companies like BSH Bosch und Siemens Hausgeräte GmbH, Electrolux, Whirlpool, LG, Samsung Electronics and Elica.

→ Waste management

The market size of the waste management industry in Poland is projected to reach €375.8 million in 2024. Currently, there are 682 businesses operating in this sector, which has experienced a compound annual growth rate (CAGR) of 13.1% from 2019 to 2024.

The largest companies in the Polish waste management market include EGGER Gruppe, Veolia Environnement SA and Royal Boskalis Westminster NV.



→ Electromobility

A new strategy for the country's development approved in 2018, Polish Government's Strategy for Responsible Development, aims to have 1m electric vehicles on Polish roads by 2025. The number of all-electric or partially electric passenger cars registered in 2023 exceeded 98,300, a significant 60% increase from 2022 (*Statista.com*).

Poland is a leader in battery production in Europe, accounting for approximately 30% of the continent's manufacturing capacity. After a series of investments in lithium-ion battery manufacturing, Poland's production capacity rose to 73 GWh in 2022, overtaking the US to become the second largest in the world, behind only China. Poland now has 6% of the world's total production capacity, compared to 14% of all European countries combined (*Notes from Poland, 2023*). It is currently home to the largest car battery factory in Europe, LG Energy Solution near Wrocław, and Europe's largest factory for energy storage systems, Swedish battery manufacturer Northvolt in Gdańsk. Other leading companies in the battery sector investing in Poland include Korean SK Nexilis and German Mercedes-Benz.

→ Renewable energy

The development of renewable energy sources in Poland encompasses nearly the full spectrum of green energy technologies, including photovoltaics (PV), wind energy, hydropower, and biomass energy. PV is the clear leader in renewable energy sources (RES), with a total capacity of over 17 GW by the end of 2023. In comparison, wind installations have a capacity of 9.4 GW, while biomass equipment is less than 1 GW (*Institute of Renewable Energy*).

At the beginning of January 2023, over 22.7 GW of RES was installed in Poland, of which 12.4 GW came from solar PV installations. That is a 55% year-on-year growth from the end of January 2022, when total solar capacity amounted to 8 GW.

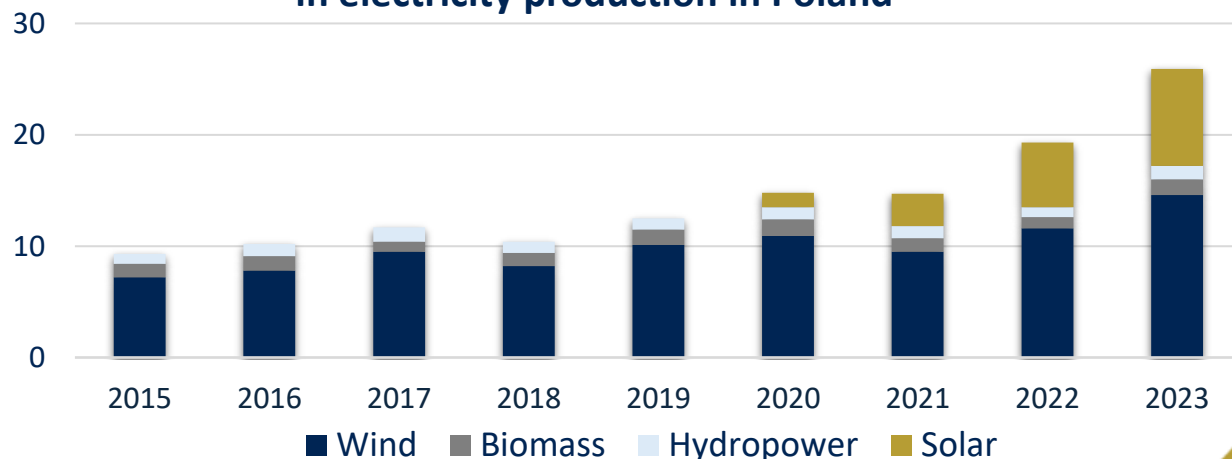
The general population in Poland shows a positive attitude towards the development of renewable energy. A 2020 opinion poll revealed that 78% of Poles believe that increasing the use of renewable energy is the best solution for protecting the environment and addressing climate change.

→ Business Services sector

CEE is a region bursting with tremendous business services (BSS) potential and Poland is the regional leader - both in the overall number of centers as well as in the total volume of employment within the industry. The sector now covers 1,941 centers with 1,167 firms from 47 countries. Employment in the industry grew at a faster rate than overall employment in the economy. Its share in total employment in the enterprises sector in Poland rose to 7%, and the industry's share in GDP grew to 5.3%.

The Polish office space market is one of the most dynamic and innovative in the CEE region. At the beginning of 2024, the total stock of modern office space in the nine main city markets in the country totaled 12.7 million m². Top 3 cities in the ranking of attractive locations in Poland in 2024 were Warsaw, Wrocław and Kraków (*Association of Business Services Leaders, 2024*).

Proportion in % of renewable sources in electricity production in Poland



Source: Fraunhofer ISE

Forms of business organisations

Polish business entities are differentiated between those based on non-material assets such as personal involvement (partnerships) and those in which capital plays a greater role (companies).

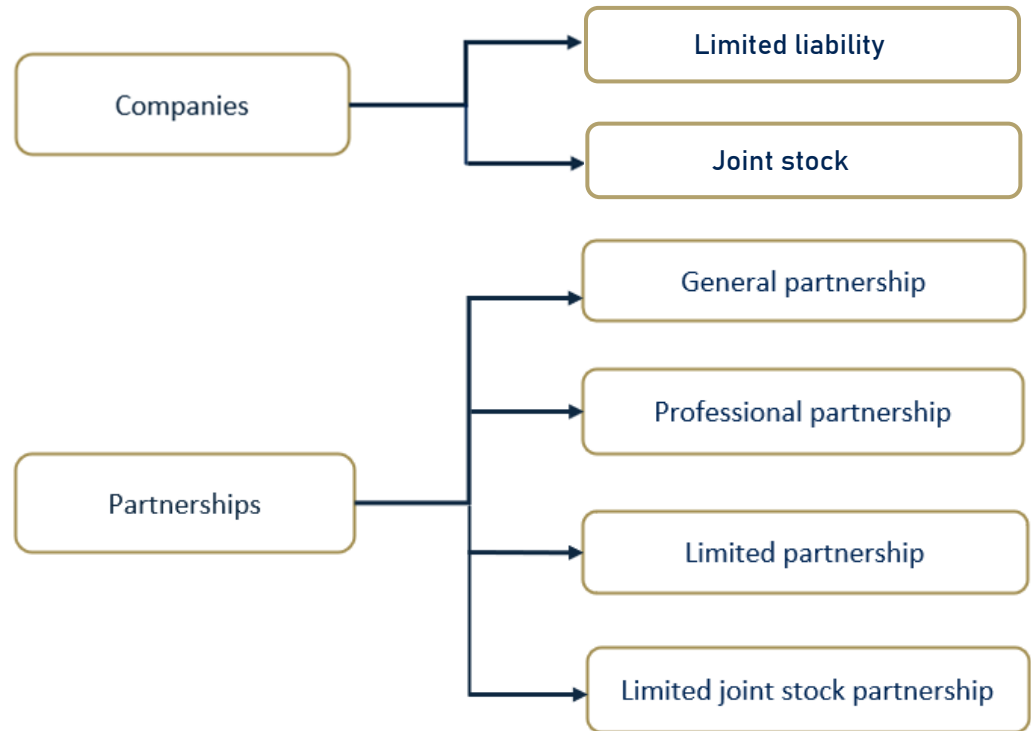
Companies are based more on capital than people. New shareholders can easily access to the company, e.g. via acquiring or inheriting shares. Companies are more formalized than partnerships. There are two main types of companies: the limited liability company (pol. spółka z ograniczoną odpowiedzialnością) and the joint stock company (pol. spółka akcyjna).

Shareholders of any type of company are subject to the tax on dividends at a rate of 19%. Tax exemptions or lower tax rates may be applied according to the special tax rules and double taxation treaties.

Polish law also provides for several types of partnerships, including the general partnership (pol. spółka jawna), professional partnership (pol. spółka partnerska), limited partnership (pol. spółka komandytowa), and

limited joint stock partnership (spółka komandytowo-akcyjna).

Unlike companies, partnerships do not have legal personality; however, they are recognized as separate legal entities. Partnerships are mostly dedicated to small businesses and are based on trust and relationships among partners. Partners rarely change – in most cases death of one of the partners results in dissolution of the partnership.



→ Limited liability company (sp. z o.o.)

English limited liability company (Ltd.),
French société à responsabilité limitée,
German Gesellschaft mit beschränkter Haftung (GmbH),
Chinese 有限责任公司.

The most common form of legal entity - approximately 95% of foreign investments in Poland are carried out as LLC's. It can be established for any kind of activity, and it requires a minimum share capital of PLN 5,000 (about EUR 1,200) and the nominal value of a share must be of at least PLN 50. The share capital can be divided into shares of equal or unequal nominal value. It can be founded by a single individual or by multiple partners, providing great flexibility in terms of the number of founders. The shareholders are not liable for the company's obligations, and they can be individual or legal persons or organizational units without legal personality. A LLC must pay 19% corporate income tax (CIT) and VAT in Poland. Shareholders of the LLC company are subject to the tax on dividends at a rate of 19% (as an exception 9% tax rate is applicable for small companies with annual turnover upon EUR 2M).



→ Joint stock company (S.A.)

English public limited company (PLC),
French société anonyme,
German Aktiengesellschaft (AG),
Chinese 合股公司.

A joint-stock company is a legal form dedicated to large enterprises that plan to raise capital through the issuance of shares. It is an ideal form for companies planning a dynamic growth and expansion into international markets.

It requires a minimum share capital of PLN 100,000 (about EUR 22,000) and the nominal value of one share cannot be lower than PLN 0.01. The shareholders are not liable for the obligations of the company, and they can be natural or legal persons or organizational units without legal personality. Like the limited liability company, the joint-stock company is also a taxpayer of the corporate income tax (CIT) and VAT.

A joint-stock company allows for a larger scale of operations and management, which supports the development and expansion of the enterprise.

→ General partnership

French société en nom collectif,
German offene Handelsgesellschaft,
Chinese 普通合伙企业.

Least complicated entity in its construction, lets run almost every type of business. It can build its own capital as a separate entity, incur liabilities (e.g. be a party to a contract) or hire employees. In most cases, a general partnership is treated as tax-transparent, meaning that the partnership itself is not subject to corporate income tax (CIT). Instead, the partners pay tax on income allocated to their share in the profits. The applicable tax rate depends on the form of taxation chosen by each partner. The most commonly selected form of taxation is the flat tax rate of 19%.

→ Limited partnership

French société en commandite,
German Kommanditgesellschaft,
Chinese 一个有限公司.

In limited partnerships two types of partners can be differentiated. General partner are 'active', they represent the partnership on the outside, they run

the partnership and deal with its day-to-day issues, but they have unlimited liability for the partnership's debts. To the contrary, the second type of partners present in limited partnership are limited partners who are more passive. Their role is simply to invest. The company is obliged to pay corporate income tax (CIT) in Poland at a rate of 9% or 19%, as well as VAT. Shareholders are subject to a dividend tax at a rate of 19%. The general partner is entitled to apply a tax credit for the CIT paid by the company, allowing them to reduce the dividend tax on their allocated share of the profit distribution. The limited partner is entitled to a tax exemption on 50% of the dividend, up to a maximum of PLN 60,000 annually.

→ Limited liability partnership

French société civile professionnelle,
German Partnerschaftsgesellschaft,
Chinese 合伙公司.

Dedicated to more narrow groups of partners – those who make a living out of professions, such as: doctors, vets, advocates. Its main purpose is to make running businesses based on similar types of work easier. It is treated as tax-transparent, same as in general partnership case. The partners pay tax on income allocated to their share in the profits.

→ Limited joint-stock partnership

French société en commandite par actions,
German Kommanditgesellschaft auf Aktien,
Chinese 有限公司.

A form of partnership that combines features of both a limited partnership and a joint-stock company. One of the main advantages of a limited joint-stock partnership is the ability to divide partners into two groups: general partners, who manage the company and bear full responsibility for its obligations, and shareholders, whose liability is limited to the amount of their contributions. The company is obliged to pay corporate income tax (CIT) in Poland at a rate of 9% or 19% as well as VAT. Shareholders are subject to the tax on dividends at a rate of 19%. The general partner is entitled to apply a tax credit for the CIT paid by the company, allowing them to reduce the dividend tax on their allocated share of the profit distribution.

Polish tax system

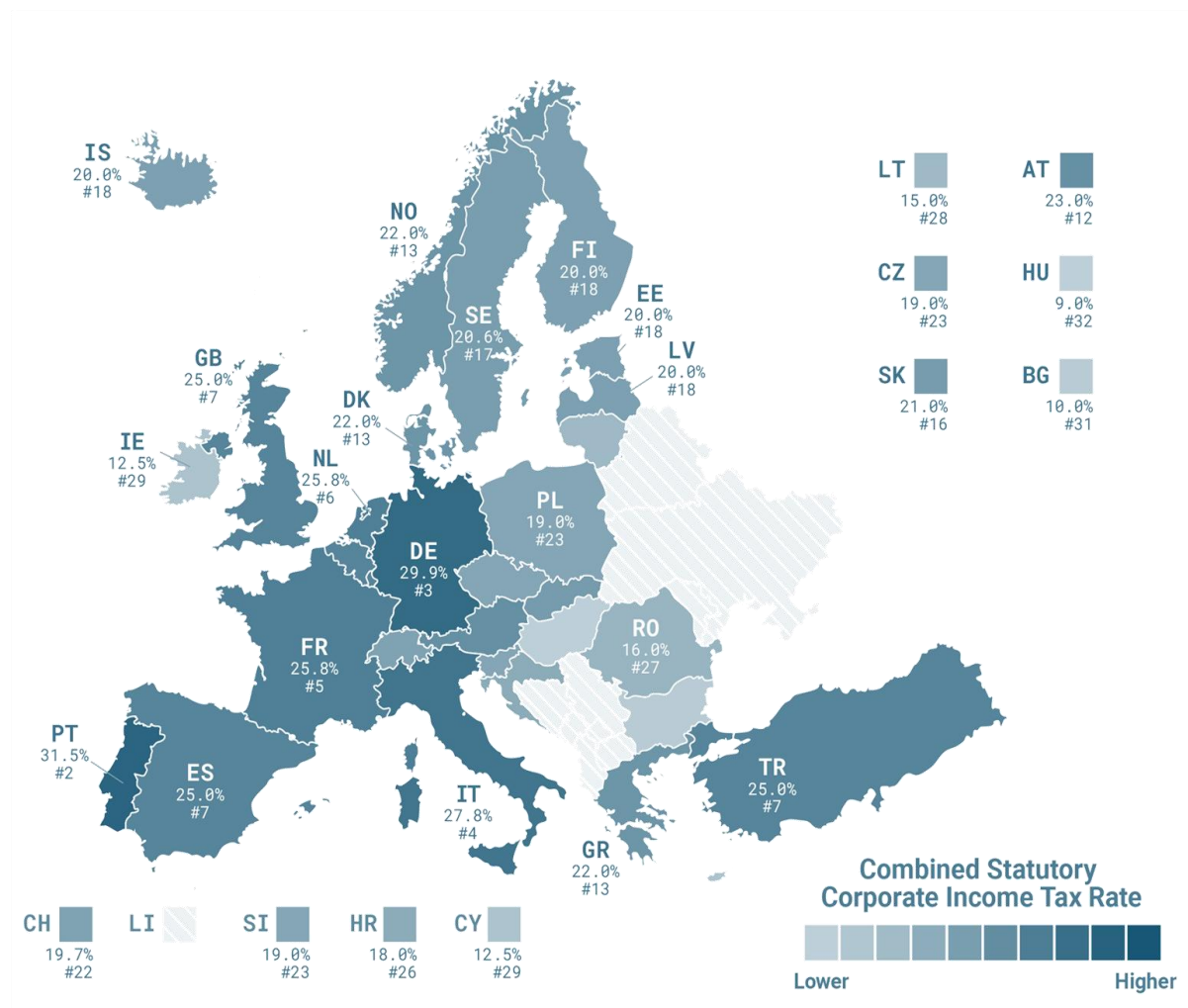
→ Corporate income tax (CIT)

Primary tax paid by companies in Poland. The standard CIT rate is 19%, but it can be reduced to 9% for small taxpayers whose annual revenues do not exceed the equivalent of €2 million or those that have started their business activity.

Non-resident companies are also subject to CIT on income generated in Poland. Taxation for non-residents may vary if their home country has a Double Tax Treaty with Poland.

Under certain conditions, companies can defer CIT payments until profits are distributed. This is governed by the "Estonian CIT" regulations. With this approach, companies do not pay CIT as long as they do not distribute profits to shareholders, allowing for capital accumulation and significantly enhancing their investment potential from internal resources.

CIT rates in Europe (2024)



Source: taxfoundation.org

→ Personal income tax (PIT)

Polish tax residents are subject to PIT on their worldwide income, while non-residents are subject to PIT only on income earned from Polish sources.

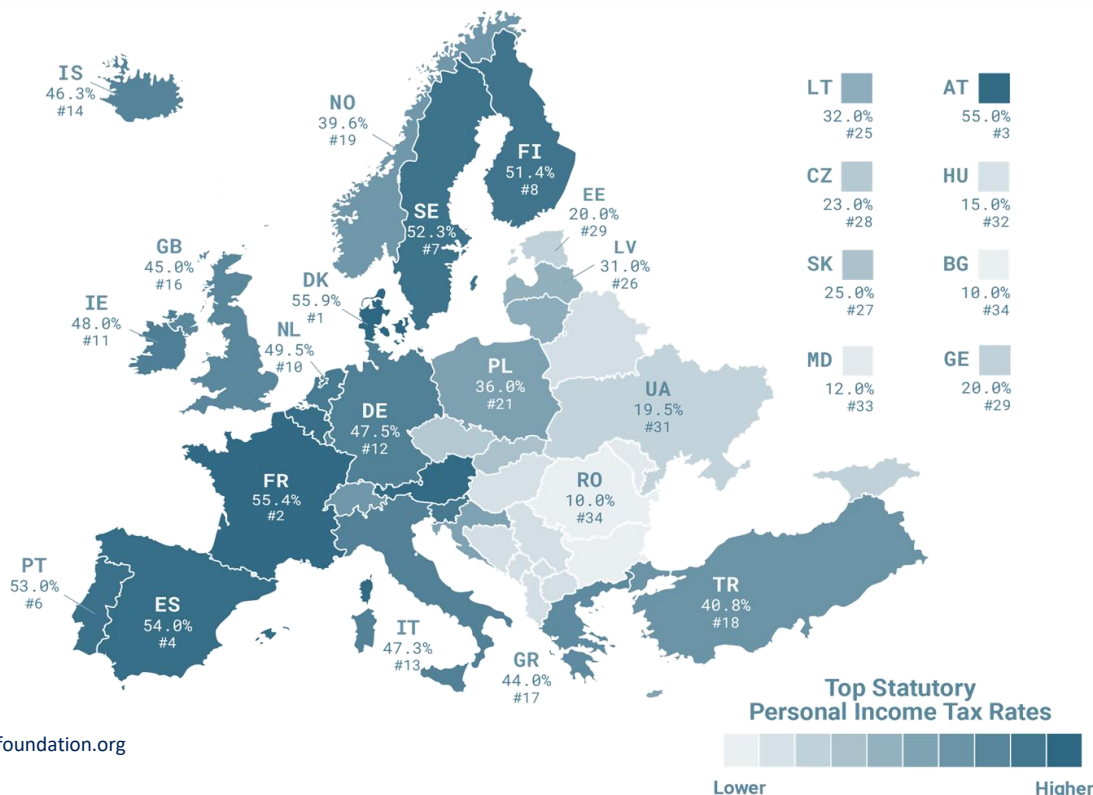
The tax-free allowance is set at PLN 30,000. For income up to PLN 120,000, the tax rate is 12%, with a tax reduction of PLN 3,600. For income exceeding PLN 120,000, the tax is PLN 10,800 plus 32% of the amount exceeding PLN 120,000.

In case of employees under 26 years old employment income up to 85,528 PLN per year is exempt from tax.

→ Value added Tax (VAT)

The system in Poland is similar to that of other EU countries. VAT in Poland is imposed on the supply of goods and the provision of services as defined by Polish law. However, transactions involving the sale of a business or an organized part of a business are exempt from VAT, meaning that all M&A transactions are not subject to this tax. There are five VAT rates in Poland: 23% (the standard rate), 8%, 5%, 0%, and an exemption.

PIT rates in Europe (2024)



→ Civil law transactions tax (TCLC)

VAT payers are often exempt from TCLC, although there are numerous situations in which this tax must be paid. The tax rate is around 2% depending on the type of transaction.

→ Property tax

The rates for buildings and land are established on a yearly basis. In 2024, land used for business purposes is subject to a rate limit of PLN 1.34 per square meter.

How to set up a business in Poland

In order to establish either a limited liability company (the most popular legal form for foreigners), simple joint-stock company or a joint stock company, the following actions are required:



1. Articles of association

The founders sign the company's articles of association in a form of notary deed.

2. Board of directors

The shareholders appoint the members of the management board (directors).

3. Bank account

To make your company fully operative you shall open a bank account in one of the Polish banks.

4. Share capital

In case of LLC, the share capital must be paid in full before filing registration application with the National Court Register.

5. Application to the court

The application usually takes 3-6 weeks for Court to process.

6. Registration in state institutions

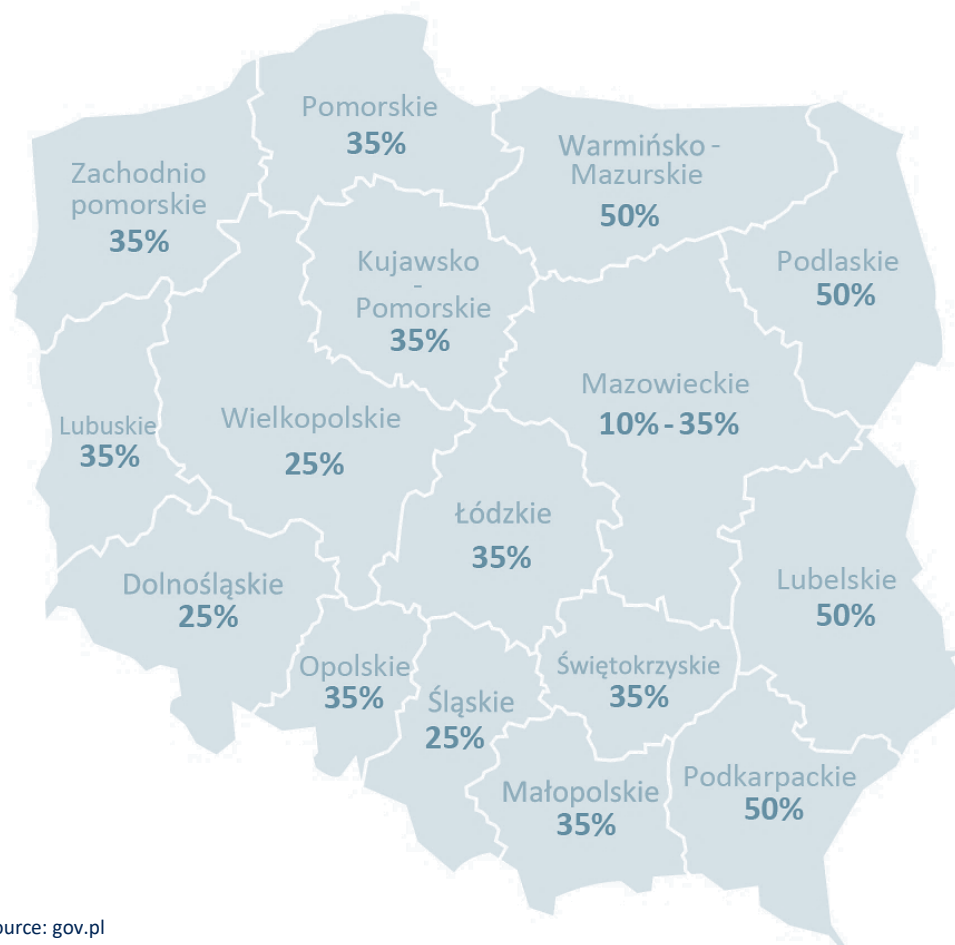
The company should be registered with other institutions (the Tax Office for income tax or VAT, or ZUS for social security purposes).

7. Reporting the beneficial owner

The details of beneficial owner shall be disclosed in Central Register of Beneficial Owners.

Investment incentives

Scope of tax exemptions as a percentage of the investment amount (2024)



Source: gov.pl

→ Polish Investment Zone

A statutory support instrument for companies planning new investments - entrepreneurs from all over the country can apply for support for investment projects. Co-financing is in the form of income tax exemption in the amount of up to 70% of the value of the investment. To be able to take advantage of the exemption, you must obtain the so-called decision on support - projects implemented in areas with a high unemployment rate and/or which have an impact on the competitiveness and innovation of a region's economy are rewarded.

→ Innovation Box (IP Box)

A tax incentive that allows companies to pay a lower corporate tax on income generated from intellectual property created as a result of research and development (R&D) activities. The IP Box enables a reduction in the income tax rate from 19% to 5% for qualifying income. The preferential rate applies throughout the entire period of patent protection and is also fully compliant with the OECD's nexus approach.

→ R&D Tax Relief

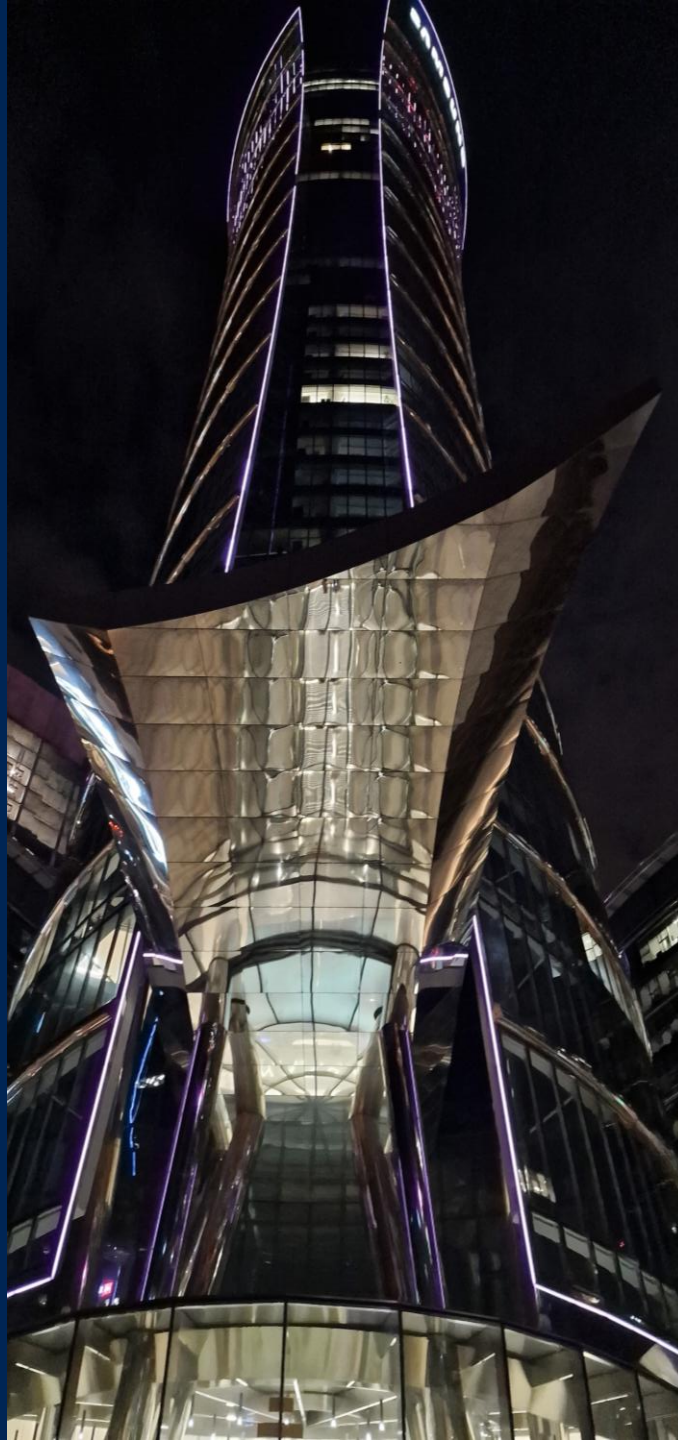
The relief is available to all entities (CIT and PIT taxpayers), regardless of their size, that conduct research and development. The relief allows for deduction of 200% from the tax base (and 250% in case of R&D centres) of eligible costs, for expenses related to e.g. salaries and wages, equipment or the purchase of materials intended for scientific research.

→ Robotization tax relief

Entrepreneurs are able to additionally deduct 50% of the costs incurred for investment in robotization, regardless of the size and type of industry. Applies to both PIT and CIT taxpayers.

→ Prototype tax relief

The prototype relief allows for the deduction of an additional 30% of the costs of trial production of a new product and of introducing a new product to the market (not more than 10% of income) from the tax base.



→ Innovative employee tax relief

The deduction is available to all taxable persons under CIT or PIT who have lost the opportunity to take advantage of the R&D deduction due to generating a loss or receiving income lower than the amount of the R&D deduction they are entitled to.

→ Expansion tax relief

The expansion tax relief allows taxpayers to deduct from the tax base an additional 100% of expenses for expansion to new markets. The deduction is limited to PLN 1 million per tax year.






Why invest in Poland

→ Location and infrastructure

Poland's strategic location in CEE, coupled with its access to the Baltic Sea, significantly enhances its appeal for investors. The country has been rapidly expanding its road, rail, air, and sea infrastructure. Currently Poland ranks 5th in Europe in terms of total length of expressways (over 4,000 kilometres) and has the 4th longest rail network in the EU.

The Deepwater Container Terminal (DCT) and the Central Port in Gdańsk are two projects thanks to which the Tri-city of Gdańsk, Gdynia and Sopot, will soon become one of the most important logistic points on the map of Europe. Launched in 2005, DCT Gdańsk is the largest container terminal in Poland, the only deep-water terminal in the Baltic Sea region and the fastest growing container port on the continent.

Airports, seaports and motorways in Poland

-  airport
-  seaport
-  BRI port
-  motorway
-  expressway



The Belt and Road Initiative (BRI) or New Silk Road - a concept whose execution was initiated by China where the “Belt” means a network of interconnected land transport corridors, and the “Road” covers new marine routes. It is a relatively broad vision of trade connections between China and Europe, Asia, and Africa, aimed at the development of employment and industries, creating new supply chains and value chain and deepening

the industrial integration between China and countries within the region.

Poland thanks to its beneficial geopolitical location at the boundary of two systems—the EU and the Eurasian Economic Union (EEU)—could fulfil a key role in the implementation of the Chinese project and could become a critical European hub.

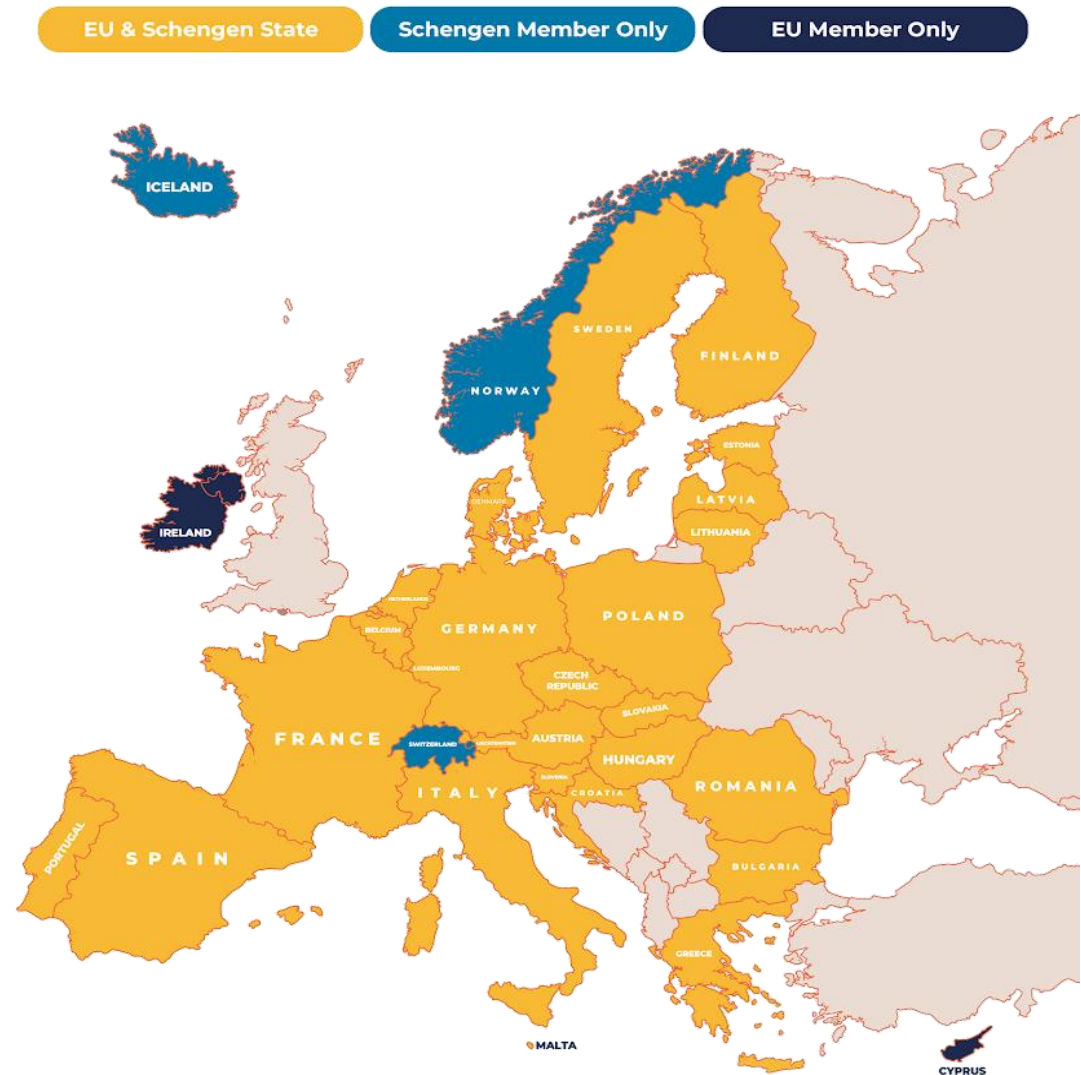
→ Accessibility & pro-business approach

The Polish government and local authorities are committed to making the country a business-friendly destination and promoting it as an attractive location for investment. They actively welcome new investors in their regions and strive to simplify the process of establishing a business in Poland. There are no restrictions on foreign investment in key sectors of common interest, such as e-commerce and gaming. In 2023 Poland was ranked first in the CEE region and eighth in Europe in terms of the number of inward FDI (PAIH, 2024).

→ EU access

Poland is a member state of the EU and part of the EU single market, providing access to a consumer market of 446 million people. Investors also benefit from Poland's membership in the Schengen Area, allowing EU and legally residing non-EU citizens to move freely without border controls. Poland is also a member of the European Economic Area (EEA), which includes EU member states and 3 European Free Trade Association (EFTA) countries: Iceland, Liechtenstein, and Norway.

Schengen area



Source: schengen.news

→ Proven attractive market

Poland is a leader in the CEE region in terms of the number of greenfield investments, ranking third in Europe (*Polish Investment and Trade Agency*). The fact that 94% of investors are willing to reinvest in Poland is a strong indicator of their confidence in the Polish economy. Even more impressive is the growing willingness to reinvest each year. According to the EY European Attractiveness Survey report 2024, which analyzed investments in 44 European countries, Poland's attractiveness has increased significantly – Poland has moved up as many as 10 positions – from 16th to 6th place (*trade.gov.pl*).

→ Cost advantage against Western Europe

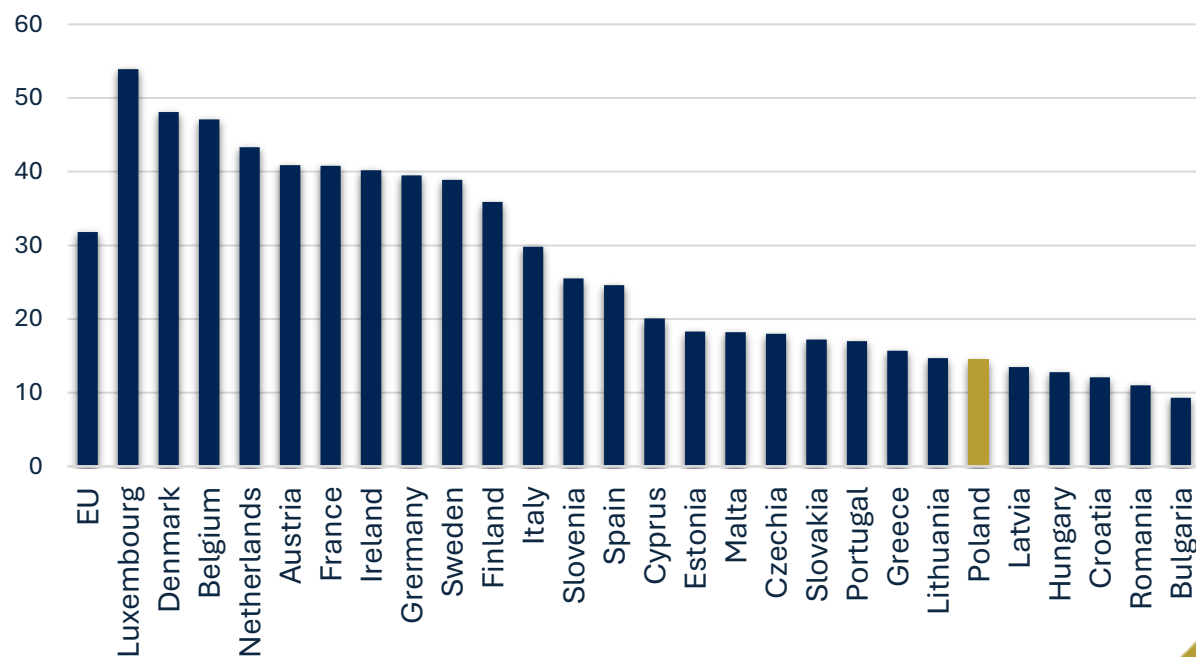
Poland's significant advantage in business operations stems from competitive labor costs and energy prices. In 2023, the average labor cost in the EU was €31.80, while in Poland - only €14.50. The average household electricity price in 2023 was €0.283 per kWh, compared to just €0.14 per kWh in Poland.

→ Tax exemptions and incentives

Manufacturers investing in Poland can take advantage of many opportunities for financial support from both domestic sources and the EU. Attractive forms of subsidies are offered in the form of government aids and financial support for low-emission initiatives, support programs co-financed by the EU, tax exemptions and tax relief for specific sectors. Local tax law

provides for various incentives for innovators making Poland one of the world leaders in terms of the effectiveness of tax relief for R&D. Poland is also the largest beneficiary of the EU's financial programs – for the years 2021-2027 is to receive €173 billion from the EU budget.

Average hourly labour cost in the EU in EUR (2023)



Source: Eurostats

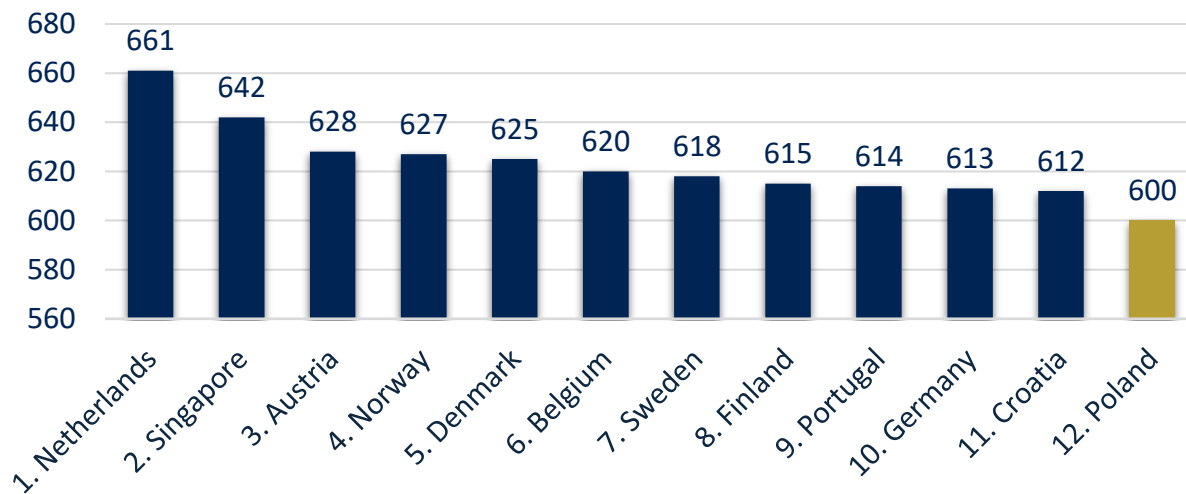
→ Highly skilled workforce

Poland is an academic hub with over 400 institutes of higher education and more than 1.2 million students, making it the 4th largest student population in Europe. Each year, around 300,000 graduates enter the workforce, with approximately 20% earning degrees in engineering or technical fields.

Notably, 92% of Polish citizens aged 25-64 have completed secondary education, placing Poland fifth among countries within the Organisation of Economic Cooperation and Development (OECD), significantly above the average of 78%. There are almost 1.3 million students studying at Polish universities – this places Poland 4th in Europe in terms of number of students.

Additionally, Poland has a highly English-proficient labor force, ranking 12th in the EF English Proficiency Index – the world's largest ranking of countries by adult language skills - out of 111 countries (2024).

EF English Proficiency Index 2024 (out of 111 countries)



Source: World Population Review

→ Top industrial real estate and logistics market

Poland ranks as the 6th largest industrial real estate market in Europe. Warehouse rental rates are among the lowest in Europe, varying by region. There's a growing focus on ESG (Environmental, Social and Governance) compliance and increasing value is placed on sustainable construction solutions. In the second quarter of 2024, Poland's industrial and logistics sector reached new heights,

with take-up hitting a record 1.76 million sqm. This figure represents one of the strongest results across Europe.

Recent largest lettings saw LPP take 103,000 sqm in Bydgoszcz Białe Błota Logistics Centre and a confidential tenant lease 91,000 sqm in Panattoni Park Wrocław Logistics South Hub. In another major transaction, LX Pantos renewed its 72,000 sqm lease in Prime Logistics Wrocław.

Nearshoring

Nearshoring, or relocation of manufacturing, logistics, warehousing and office centers to countries closer to their target markets, began with the pandemic and the resulting disruption of supply chains. The trend has been further fueled by geopolitical instability arising from wars in Ukraine and the Middle East, as well as the trade war between the US and China. The strengths of Poland and the CEE region include access to the large EU market and the security guarantees that come from NATO membership.

According to a Reuters and Maersk survey, Poland (selected by 23% of respondents) and Germany (19%) are considered attractive locations for nearshoring high-value manufacturing capabilities. As manufacturing processes become increasingly automated and products more complex, there is a growing demand for locations with the appropriate infrastructure and diverse skill sets, which positions these two countries at the forefront. Among Eastern European countries chosen by investors for nearshoring, Poland ranks at the top.



→ Drivers of nearshoring to Poland

- reduced length and vulnerability of supply chains - operational reliability from minimizing the risk of disruptions and delays, allowing businesses to respond more swiftly and effectively to market demands and changes,
- competitive labour costs,
- higher level of investor oversight - proximity improves control and quick resolution of issues,
- lower transport costs,
- flexibility in site selection and location,
- sustainable specification of manufacturing and logistics facilities - new facilities often meet high environmental standards, appealing to companies committed to sustainability,
- reduced CO2 emissions - shortening the supply chain reduces carbon emissions, aligning with sustainability goals,
- financial incentives and public support.

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