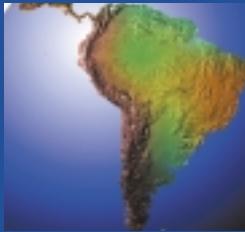
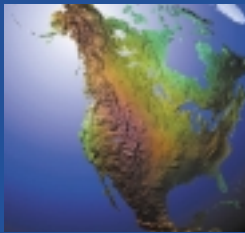
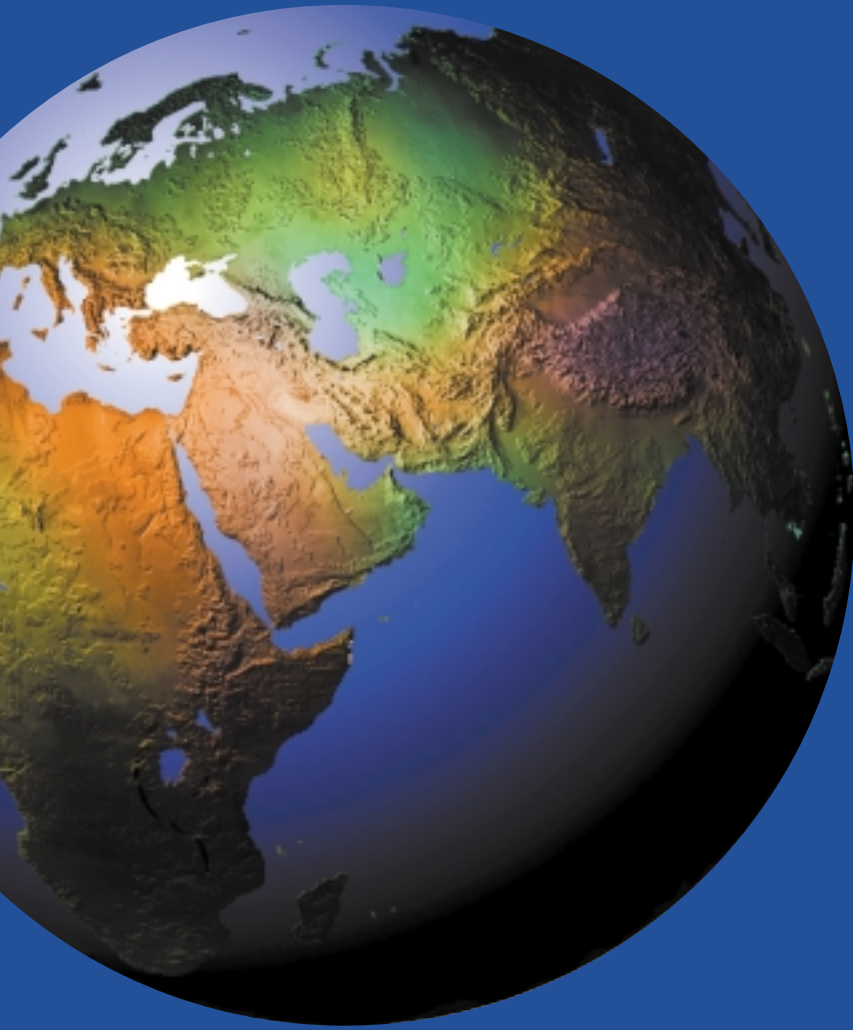




# Doing Business In Poland



*A worldwide association of independent  
auditing, accounting and consulting firms*

# DOING BUSINESS IN POLAND

INDEX	
<b>Preface</b>	<b>1</b>
<b>Disclaimer</b>	<b>4</b>
<b>Introduction</b>	<b>4</b>
<b>Outline</b>	<b>5</b>
<b>Country Profile</b>	<b>6</b>
<b>Macro</b>	<b>7</b>
<b>FDI</b>	<b>7</b>
<b>Establishing a business in Poland</b>	<b>8</b>
Overview	8
Branch Office	8
Representative Office	8
Commercial Partnerships	10
Taxation	<b>14</b>
Corporate Income Tax	14
Registration	14
<b>Financial Statement</b>	<b>15</b>
Overview	15
Audit (research) and announce financial statement	15
The aim of audit	16
The plan of audit	16
The result of the audit	16
<b>Taxation</b>	<b>17</b>
Most important taxes	17
Corporate income tax	17
Taxpayers	17
Residents and non-residents	17
Financial and tax year	17
Tax capital group	17
Income	17
Revenues	17
Costs of making revenues	18
Depreciation	18
Thin capitalization	18
Losses	18
Dividends	18
Interest and royalties	19
Certificate of residence	19
Transfer pricing	19
Rates	19
Returns and payments	19
Personal Income Tax	19
Taxpayer, residents, no-residents	19
Sources of revenues	20
Partnerships	20
Income	20
Revenues	20
Costs of making revenues	20
Losses	20
Tax scale	20
Special treatment of some revenues	21
Simplified form of taxation	21
Non-residents	21



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 1

Returns and payments	21
Value Added Tax (VAT)	21
Taxed activities	21
Taxpayers	22
Tax obligation	22
VAT rates and tax base	22
VAT registration	22
Assessment of tax and filing	22
Deduction of input VAT	22
Refund of VAT	22
Taxation of foreign companies	22
Import of services	23
Customs duty	23
Excise duty	23
<b>Social Security Contributions (ZUS)</b>	<b>23</b>
<b>Foreign Exchange Law</b>	<b>24</b>
<b>Human Capital</b>	<b>25</b>
Sources of the Polish Labour Law	25
Legal Basis of the Employment Relationship	25
Non-discrimination Provisions	25
Employment Contract	25
Termination of an Employment Contract	25
Trial period	26
Indefinite period of time	26
Indefinite period of time	26
Termination of an Employment Contract without notice	26
Rights of an Employee in the Case of an Unlawful or Unjustified Termination of an Employment Contract by an Employer	26
Ban on Notice to Terminate a Contract of Employment	27
Limitation on Termination and Giving Notice to Terminate a Contract of Employment	27
Remuneration for Work	27
Working Time	27
Overtime Work	27
Supplement for Overtime Work	27
Remuneration for work in the night time	28
Leave	28
Vacation Leave	28
Unpaid Leave	28
Protection of Women	28
Safety and Hygiene of Working Conditions	28
Protection of an Under Aged Person	28
Trade Unions	28
Group Redundancies	28
Social Security Contribution	29
Foreigners in Poland – Employment	30
<b>Competition Law</b>	<b>32</b>
The Law on Combating Unfair Competition	32
The Law on Protection of Competition and Consumers	32
<b>Real estate</b>	<b>34</b>
Ownership	34
Lease	34
Land and Mortgage Register	34
Perpetual Usufruct	34
Purchase of Land in Poland by Foreigners	35

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 2

Procedure	35
Preliminary Agreement	35
Final Agreement	36
<b>Securities Markets</b>	<b>36</b>
<b>MGI Contact details</b>	<b>37</b>
<b>Doing Business in Poland, document disclaimer</b>	<b>37</b>



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 3

## **PREFACE**

This document is intended to present an overview of the business environment including present laws and regulations in Poland.

Whilst every care has been taken in the preparation of this booklet, no responsibility can be accepted for inaccuracies. Clients are advised that the law and practice may change from time to time.

Due to changing laws and business conditions this document and the information presented may not be current. Therefore MGI, or their partners and employees, take no responsibility for any investment or business decisions made that are based on this document or any information presented in it. Professional business advice is strongly recommended before taking any decision in relation to doing business in Poland.

## **DISCLAIMER**

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

## **INTRODUCTION**

This document presents the outline of the business environment in Poland and includes an overview of the macroeconomic environment, company law, taxation, accounting and auditing, foreign exchange controls and other. It is intended as a brief summary of information about Poland for persons or companies wishing to do business with or invest in Poland.



## OUTLINE

Poland's macroeconomic stabilization and rapid economic development have turned the country into one of investors' most desired target locations. Since 1989 Poland has made the transition to a market economy and implemented a package of successful reforms which laid the solid foundations for the economy.

The success of political and economic transformation in Poland has found international recognition evidenced by accession to the OECD (1996), NATO (1999) and the European Union (2004).

As the largest new member of the EU, Poland has gained special conditions and support during the adaptation process. In recent years Poland has implemented several harmonization reforms: fundamental legal reorganization, infrastructure investments, private sector expansion. A package of four major reform programs: health, education, social and territorial administration has been conducted. Nowadays the government is deeply involved in public finance and fiscal restructuring.

Almost 99% of Polish businesses are classified as small and medium enterprises. 45% of GDP is generated by SMEs, which therefore employ some 60% of work force.



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 5

## COUNTRY PROFILE

Market size is usually one of the most crucial reasons for foreign investors in their decision making process. Poland is the largest economy in Central East Europe with almost 40 million customers (1.6 million - inhabitants of Warsaw capital city). For the last decade the Polish economy has been growing rapidly - the average GDP growth amounted to 4.5% within last ten years. At the same time the average CEE GDP growth was 2.8%.

Poland is a parliamentary republic. The parliament consists of two houses, the 460-seat Sejm (the lower house of parliament), elected by proportional representation, and the 100-seat Senate (the upper house). The president is elected in a direct ballot and has executive powers, including the right to veto legislation, or to send it for a review to the Constitutional Tribunal.



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 6  
undertakes no responsibility for the activities, work, opinions or service of the other member firms.

## MACRO

Since the mid 1990s the Polish economy has been expanding at a fairly rapid pace. The average growth rate in the last ten years amounted to 4.5%. After a slowdown in 2001, the Polish economy is gaining momentum. According to a recent JP Morgan report (2003): 'Poland is past the worst. After stagnation in 2001-2002, the biggest economy in Central Europe is more active, that should be maintained until the EU accession'.

Year-on-year real GDP growth in 2002 was estimated at 1.3%, whereas in the fourth quarter of 2002 it reached 2.1%. The growth is accelerated by private consumption, lower inflation accompanied by higher real income as well as growing export. The Polish Ministry of Finance predicts that the GDP growth should amount to 3.5% in 2003 year.

A downward trend is observed in consumer price inflation since the beginning of the transformation. In December 2002 prices were 0.8% higher than in December 2001, whereas at the beginning of the 1990s prices used to be more than 100% higher in comparison to the previous year. The average annual inflation in 2002 was 1.9%. According to the Economist Intelligence Unit forecast, CPI in 2003 will drop to 1.3%.

Although the policy of permanent decrease in reference interest rates conducted by independent National Bank of Poland, Interbank rates are still high (Warsaw InterBank Offered Rate for 3 month deposits in PLN [WIBOR 3M] – 5.42% in June 2003). Average yield 52 week T-Bill amounts to some 5.5%.

Polish domestic currency (zloty = PLN) is fully convertible and quoted on the free market. The zloty weakened in early 2003 and is trading at around 4.30 – 4.40 PLN/€ (June 2003). The debate between the National Bank of Poland and the government over the zloty's central rate in ERM-2 will have a significant impact on the value of the Polish currency in the future.

The unemployment rate at the end of 2002 was 18.1%. A total of 3.2 million people were registered as jobless. This could be attributed to a rise in labour productivity, coupled with a sizeable net increase in the working age population. The average monthly gross salary in Poland is equal to 520 € (approximately 25% of the European Union average). The Economist Intelligence Unit predicts that the unemployment rate at the end of 2003 should amount to 17.4 per cent.

Poland trades primarily with developed countries and especially with the EU (68.7% of total exports in 2002 and 61.7% of Polish imports). Among the EU countries, Germany is its most important partner.

Forecast – Key Indicators	2002	2003	2004	2005	2006	2007
Real GDP growth (%)	1.3	2.6	3.5	4.0	4.3	4.0
Consumer price inflation (average %)	1.9	1.3	2.0	2.4	2.3	2.3
General government budget balance (ESA% of GDP)	-4.6	-4.4	-4.4	-4.2	-4.0	-3.8
Current account balance (% of GDP)	-3.6	-3.4	-3.4	-3.7	-3.8	-3.7
Short term lending rate (average %)	12.2	9.5	8.9	8.7	8.4	8.1
Exchange rate ZI:US\$ (average)	4.08	3.88	3.88	3.90	3.90	3.89
Exchange rate ZI:€ (average)	3.86	4.32	4.29	4.21	4.15	4.10

Source: Economist Intelligence Unit

## FDI

The high inflow of foreign capital is a direct evidence of country's attractiveness for foreign investors. Twelve years after the introduction of successful economic reforms, Poland is the Central European leader in terms of attracted foreign direct investment. According to PAIZ's statistics, the value of the foreign capital invested in Poland so far has exceeded USD 61.6 billion. In the first half of 2002 foreign companies have invested US\$ 3.2 billion. The key foreign investor decision drivers are:

- Polish market size
- Low labor costs
- Improved business environment (legal system)
- Membership of the European Union

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 7

## ESTABLISHING A BUSINESS IN POLAND

### OVERVIEW

There is business friendly legal environment in Poland. A rule governing the equal treatment of local and foreign entities is in force.

Foreign natural and legal persons are subject to the same laws as local entities in terms of:

- Setting up and conducting business activity (with a reservation to the reciprocity rule, referred to below)
- Protecting industrial and private property
- Redressing damage suffered due to another entity's fault, or resulting from the non-performance or improper performance of an obligation
- Indemnification for the expropriation of a right (i.e. a property right and limited property rights to real estate)
- Judicial proceedings
- Acquiring and transferring property rights to movables and real property.

However, in order for foreigners to acquire ownership of land or a right of perpetual usufruct in Poland, permission must first be obtained from the Minister of Internal Affairs and Administration. A 'Foreigner', under the legal definition, for land acquisition purposes, encompasses both foreign natural persons and legal entities, and a Polish incorporated company if it is controlled by a natural person without Polish citizenship or a legal entity with its registered office abroad (i.e. if such person/ entity has direct/indirect ownership of at least 50% of such company's share capital). Therefore, if a foreign company establishes a majority controlled Polish entity, that entity will also need to apply for a permit in order to acquire real estate. Recent amendments to the law make it clear that a permit is also required if a foreigner acquires shares in Polish company which already owns real estate.

According to Polish law, domestic and foreign entities have equal rights in establishing and conducting business activities in Poland. Foreign companies may, subject to the principles of reciprocity, take up and conduct business on the same principles as those applicable to businesses and their owners that have permanent residency or a registered office in Poland, unless international agreements ratified by Poland provide otherwise.

Provided that the reciprocity condition is met, foreigners may:

- Form and join companies, including limited liability and joint-stock companies that are based in Poland as well as purchase or otherwise acquire shares in such companies
- Form and join partnerships, including registered, limited liability, limited and limited joint-stock, based in Poland
- Form and join civil partnerships
- Carry on a business activity as partners in general partnerships
- Set up branches and representative offices in Poland.

In the event there is no principle of reciprocity, they may form and join the following types of companies: limited partnership, Limited Liability Company or a joint stock company. Foreign businesses may also purchase or otherwise acquire shares in these types of companies.

We present below some basic information regarding each form of conducting legal activity in Poland:

### BRANCH OFFICE

Foreign commercial entities may establish branch offices in Poland for the purpose of carrying out business activity. The rights of foreign commercial entities depend on whether Polish commercial entities abroad enjoy equivalent rights under international agreements (the principle of reciprocity), and whether any international agreements ratified by Poland do not provide otherwise. The obligation of a branch office of foreign commercial entities are the same as for Polish business.

### REPRESENTATIVE OFFICE

A foreign commercial entity may establish a representative office in Poland. A representative office operates for and on behalf of the business of the foreign entrepreneur in Poland and is a part of the organizational and functional structure of its business. In legal terms, a representative office established

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 8

by a foreign entrepreneur is a subordinated organizational entity functioning with the purpose of advertising and promoting the business of the foreign entrepreneur. Advertising and promotion are the constituent elements of the foreign entrepreneur's business activity.

A representative office must be entered in the Register of Representative Offices of Foreign Commercial entities, kept by the Minister of the Economy.



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 9

## COMMERCIAL PARTNERSHIPS

<b>Civil Partnership</b>	
Purpose	Established for the purpose of conducting business on a smaller scale (a partnership is a larger scale enterprise with net sales of goods or services of the Polish currency equivalent of at least € 400,000 in two consecutive financial years. A civil partnership conducting business on a larger scale becomes a registered partnership upon its entry in the National Court Register).
Founders	Must be established by at least two persons.
Minimum capital	
Liability	
Each partner is liable for the debts and obligations of the partnership without limitation to the extent of his entire property.	
Taxation	PIT Declaration – Personal Income Tax*
Establishment process	In order to be effective, a deed of partnership must be executed in writing, and each partner is obliged to register the partnership in the Business Activity Register as an entrepreneur carrying out a business activity in the form of a civil partnership (on the official forms of the National Court Register).
Additional requirements for foreign entities	International agreements on reciprocity should be in place.
Otherwise, a foreign investor is required to present a certificate issued by the competent Polish mission abroad, stating that, in accordance with the principle of reciprocity, Polish commercial entities are permitted to conduct business activity in the country in which the investor has permanent residency or its registered office.	
<b>Registered Partnership</b>	
Purpose	Established for the purpose of conducting business under its own
Business name.	
Founders	Legal or natural persons.
Minimum capital	
Liability	Each partner is liable, without limitation, for the debts and
Obligations of the partnership, jointly and severally with other partners and the partnership, to the extent of his entire property.	
Taxation	PIT Declaration – Personal Income Tax*
Establishment process	In order to be effective, a deed of partnership must be executed in writing, whereupon the partnership should be entered into the National Court Register.
Additional requirements for foreign entities	

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 10

<b>Professional Partnership</b>	
Purpose	Established for the purpose of carrying on a liberal profession in a partnership which conducts business under its own business name.
Founders	Must be established by at least two persons qualified to pursue a given profession, such as attorneys, pharmacists, architects, certified auditors, insurance brokers, tax or accounting advisors, physicians, notaries public, legal counsels, property assessors, certified translators and court interpreters.
Minimum capital	
Liability	A partner is not liable for the debts and obligations of the partnership incurred in the pursuit of the profession by other partners, or resulting from the actions or omissions of the partnership's employees who, at the time of providing a service related to the company's business, were commissioned by and answerable to another partner. The deed of partnership may provide that one or more partners are liable for the debts and obligations of the partnership. The partner is liable with its whole property, jointly with other partners, for all of the outstanding taxes of the partnership and the partners resulting from the operation of the partnership.
Taxation	PIT Declaration – Personal Income Tax*
Establishment process	The deed of partnership should be executed in a notarized form, whereupon the partnership should be entered into the National Court Register. The company is founded upon its entry in the register.
Additional requirements for foreign investors	International agreements on reciprocity should be in place. Otherwise a foreign investor is required to present a certificate issued by the competent Polish mission abroad, stating that, in accordance with the principle of reciprocity, Polish commercial entities are permitted to conduct business activity in the country in which the investor has permanent residency or its registered office.
<b>Limited Partnership</b>	
Purpose	Established for the purpose of conducting business under its own business name.
Founders	At least two partners: the general partner and the limited partner.
Minimum capital	
Liability	The general partner is liable to creditors for the obligations of the partnership without limitation, whereas the liability of the limited partner is limited
Taxation	PIT Declaration – Personal Income Tax*
Establishment process	The deed of partnership should be executed in a notarized form, whereupon the partnership should be entered into the National Court Register. The company is created upon its entry in the register.
Additional requirements for foreign entities	No special requirements for foreign entities.

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 11 undertakes no responsibility for the activities, work, opinions or service of the other member firms.

<b>Limited Joint-Stock Partnership</b>	
Purpose	Established for the purpose of conducting business under its own business name. In practice this type of partnership is most suitable for large-scale business (e.g. large family enterprises).
Founders	Must be established and conducted by at least two persons.
Minimum capital	PLN 50,000 (US\$ 12,500)
Liability	At least one partner is liable to the creditors for the debts and obligations of the partnership without limitation (the general partner) and at least one partner is a shareholder.
Taxation	PIT Declaration – Personal Income Tax*
Establishment process	The statutes of the partnership should be executed in a notarized form and signed by at least all general partners, whereupon the partnership should be entered into the National Court Register. A limited joint-stock partnership is founded upon its entry in the register.
Additional requirements for foreign entities	The statutes of the partnership should be executed in a notarized form and signed by at least all general partners, whereupon the partnership should be entered into the National Court Register. A limited joint-stock partnership is founded upon its entry in the register.
additional requirements for foreign entities	International agreements on reciprocity should be in place.
Otherwise, a foreign investor is required to present a certificate issued by the competent Polish mission abroad, stating that, in accordance with the principle of reciprocity, Polish commercial entities are permitted to conduct business activity in the country in which the investor has permanent residency or its registered office.	
<b>Limited Liability Company</b>	
Purpose	Established for the purpose of conducting a business and any other purpose allowed by law.
Founders	May be established by one or more persons. However, it may not be established solely by another single-member limited liability company.
Minimum capital	PLN 50,000 (USD 12,500)
Liability	The Company is fully liable for its debts and obligations.
Shareholders are not liable for the company's debts and obligations.	
Taxation	CIT Declaration – Corporate Income Tax**
Establishment Process	The statutes of the company should be executed in a notarized form and signed by all shareholders, whereupon the company should be entered into the National Court Register. A limited liability company is created upon its entry in the register however, prior to registration; the company may acquire rights, incur obligations, sue and be sued as a limited liability company 'in organization'.
Additional requirements for foreign entities	No special requirements for foreign entities

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 12

<b>Joint-Stock Company</b>	
Purpose	Established for the purpose of operating business on a large scale. Capital may be obtained through by issuing shares.
Founders	May be established by one or more legal or natural persons.
However, it may not be established solely by a single-member limited liability company.	
Minimum capital	PLN 500,000 (USD 125,000)
Liability	The Company is fully liable for its debts and obligations. The shareholders are not liable for the company's debts.
Establishment Process	The statutes of the company should be executed in notarized form and signed by all shareholders, who are considered as 'the promoters of the company', whereupon the company should be entered into the National Court Register. A joint-stock company is created upon its entry in the register however, prior to registration; the company may acquire rights, incur obligations, sue and be sued as a joint-stock company 'in organization'.
Taxation	CIT Declaration – Corporate Income Tax**
Additional requirements for foreign entities	No special requirements for foreign entities



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 13

## **TAXATION**

- Personal Income Tax (PIT Declaration)

Tax payable by: natural persons who have permanent residency on the territory of Poland or whose temporary residency thereon has exceeded 183 days in a given tax year. Such persons are liable to income tax on their total revenue, regardless of their origin (unlimited tax liability).

Foreigners who are temporarily residing in Poland as the employees of:

- small foreign manufacturing enterprises
  - companies with foreign capital
  - representation and branch offices of foreign enterprises and banks
- Are liable to tax only on revenue gained from work performed in Poland under a contract of employment or service relationship, regardless of where their salary is paid, and on other revenue obtained in Poland (limited tax liability).

## **CORPORATE INCOME TAX**

Tax payable by: legal entities, including limited liability companies and joint-stock companies, and tax capital groups.

Taxpayers with their registered office or management board located on the territory of Poland will be subject to the taxation of all revenue, regardless of their origin. Taxpayers who do not have a registered office or management board located on the territory of Poland are liable for the payment of taxes only on revenue obtained in Poland.

## **REGISTRATION**

All the above mentioned types of legal activity (except a civil partnership) may be started and conducted only after registration in the companies register. Since 1 January 2001, Poland has had a National Court Register which consists of the companies register, the register of associations (and other social and professional organizations, foundations and public healthcare centers), and the register of insolvent debtors. The Register is open for review and certified copies, excerpts, or certificates may be requested. Entries are made on the basis of official forms. A court fee is payable on registration, as is a publication fee for the announcement of registration in a court gazette for announcements) if such announcement is required.

## FINANCIAL STATEMENT

### OVERVIEW

Detailed rules of concoction of the financial statement have been described by Accounting Law dated 29 September 1994 (Dz. U. Nr 76, poz.694).

Entities governed by Accounting Law are obliged to prepare financial statement for each financial year. An entity must also prepare financial statement for the period ended turnover year, result of close of business (liquidation date) or at the date of change of its legal form. The accounting books must not be closing and opening when the capital units are transformed.

The financial statement consists of:

- balance sheet
- income statement
- notes to the financial statement
- statement of cash flows
- statement of changes in equity,

A cash flow statement has to be prepared only by entities which are subject to the audit of annual financial statement.

A statement of changes in equity has to be prepared only by listed companies.

The format of the balance sheet, income statement, statement of cash flows and the notes to the financial statement are determined by the Accounting Law.

Annual financial statement must be accompanied by a directors' report.

Financial statement must be prepared in Polish and expressed in Polish currency.

### AUDIT (RESEARCH) AND ANNOUNCE FINANCIAL STATEMENT

The annual financial statement is bounded to approve by approval organ no later then 6 months of the balance day.

After the annual financial statement, it will be researched according to Accounting Law.

Polish statutory audits of financial statement apply to the annual stand-alone financial statement of the following entities:

- All banks, insurance companies, investment and pension funds, joint stock companies and listed companies.

Other entities which have achieved or exceeded at least two of the following three thresholds in the financial year preceding the financial year for which the financial statement was drawn up:

- Annual average employment – minimum 5 people
- Total assets as at the end of financial year – the Polish currency equivalent of €2,500 000.
- 3. net sales including financial income for the financial year – the Polish currency equivalent of €5,000,000
- Financial statement of entities after business combination for the year when the business combination occurred
- Consolidated financial statement.

Audit and announce is bounded by semi-annual financial statement of investment funds.

Financial statement must be filled with the registration court together with the following documents:

- Auditor's opinion, if the statement was subject to the audit,
- Shareholders' resolution on the approval of the financial statement and distribution of profit or coverage of loss,
- Directors report

The filing should be performed within fifteen days of the approval of the financial statement by the shareholders.

All entities which by law are required to audited must also publish their statement in the Commercial Bulletin (Monitor Polski B).

Audits are governed by the relevant legal requirements in force, which include:

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 15

- Regulations of Chapter 7 of the Accounting Law
- Auditing standards issued by the National Chamber of Auditors in Poland
- International Accounting Standards,

### **THE AIM OF AUDIT**

According to article 65 of the Accounting Law, the aim of the audit is expressing the auditor's opinion regarding the reliability, correctness and clarity of the examined financial statement and the correctness of accounting books being the basis for its preparation and drawing up.

### **THE PLAN OF AUDIT**

Audit task included the examination of correctness of principles (policy) of accounting and significant estimations used and applied by the company, the checking of accounting notes and bookkeeping records resulting in numerical data and information later included in the financial statement and, lastly, a complete and comprehensive assessment of the financial statement.

### **THE RESULT OF THE AUDIT**

The result of the audit financial statement is two documents:

- Auditor's opinion,
- Report,

In the opinion the auditor determines if the examined financial statement:

- Presents in reliable and correct form all information necessary for the assessments of the company's financial situation, as well as the financial result for the financial year,
- Has been prepared and drawn up in all its important issues in full accordance with accounting principles (and policy) defined by the above mentioned Law, and on the basis of correctly conducted and managed bookkeeping books,
- Conforms to legal provisions contained in the company's statute influencing the wording of the financial statement,

The report presents in details:

- General information about the unit,
- Assertion, that unit has given all necessary data and information, as well as has provided all necessary explanations for audit purposes
- Characteristic assets and liability of financial statement
- Financial situation unit and financial result for the financial year,



## **TAXATION**

### **MOST IMPORTANT TAXES**

The Polish tax system is a kind of systems applied in countries of a market economy. It is subject to continuous modifications and amendments. The recent purpose of them is to make it more compatible with EU regulations.

Investors while planning their activity in Poland have to take into consideration following the most important taxes:

- Corporate income tax;
- Personal income tax;
- VAT;
- Social security contribution;

### **CORPORATE INCOME TAX**

#### **TAXPAYERS**

Subject to taxation are:

- Legal persons (e.g. limited liability company, joint – stock company)
- Units, which do not have legal personality
- Limited liability companies in organization, joint – stock companies in organization;

Income of partnerships is not subject to corporate income tax. The income earned from partnership is shared between partners. Subsequently partners have to declare to taxation such income together with income earned from remaining sources. Partner has to tax the part of partnership's income in proportion to his share in partnership's profits.

#### **RESIDENTS AND NON-RESIDENTS**

As a Polish resident is regarded a company incorporated in Poland or managed in Poland. Its worldwide income is taxable. Non-resident companies are taxed only on income earned in Poland.

#### **FINANCIAL AND TAX YEAR**

Corporate income tax is settled annually. The tax year corresponds to the calendar year.

However company can choose as its tax year another twelve months period. Relevant tax office should be notified. The period of twelve months chosen as tax year has to be identical as the period chosen as financial year of the company.

Despite that corporate income tax is settled annually taxpayers have to pay advance monthly payments on the income recorded cumulatively from the beginning of the tax year.

#### **TAX CAPITAL GROUP**

Certain limited liability and joint – stock companies based in the territory of Poland may form a tax capital group. A tax capital group is treated as a single taxpayer. By combining the revenues and costs of all the companies belonging to the group, the taxable income is calculated.

It is not easy to find companies that satisfy the requirements demanded to create a tax capital group. The average share capital of companies forming the group should exceed PLN 1,000,000; one of the companies must hold at least 95% of the shares of the remaining companies; companies are prohibited from having outstanding tax liabilities at the date the group is formed and each year the group must reach a tax profitability ratio of 6%.

#### **INCOME**

Subject to taxation is income calculated as difference between revenues and costs suffered for the purpose of earning them.

#### **REVENUES**

In general the taxable revenues are recognized on an accrual basis. Exceptions (a cash basis) applies e.g. to interest.

The date of receiving revenues connected with an economic activity is the date of issuing the invoice but not later than the last day of month in which the good was given or service was performed. However in

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

the case of export when the taxpayer has obligation to issue the custom document, revenue is earned at the date of export as confirmed on the custom document by custom office.

Revenues from the rent, tenancy or leasing agreement shall be considered the revenues due specified for the day in which they are beginning to be required.

As revenue are treated all pecuniary values and value of performances in kind received by taxpayer. While incorporating the company investor should be aware that nominal value of shares received in exchange for a contribution in kind is taxable at the date the company is registered. The only exception is where a contribution involves an enterprise or an organized part of an enterprise.

There is specified a list of revenues, which are not taxable. The most typical:

- Received loans and credits
- Advance payments for services to be performed and goods to be delivered in future
- Revenues received by company to create its share capital.

### **COSTS OF MAKING REVENUES**

There are tax deductible costs incurred for the purpose of earning revenue. They are deductible at the time that revenue is earned. If appropriate apportionment is not possible costs are deductible in the tax year in which they were incurred.

Most costs are tax deductible unless they increase the value of fixed assets or are listed by law as non-deductible, for example

- Costs of abandoned investments;
- Representation and non-public advertising over 0.25% of the revenues; business trips allowances over the limit specified by law;
- Costs resulting from insurance of passenger cars in respect to their value exceeding € 20 000; Repayments of loans and credits.
- Interest on loans and credit granted by related company in the amount exceeding given limit (thin capitalization);
- Costs of earning revenues, which are exempt from taxation;
- Penalties and fines;

### **DEPRECIATION**

Items and property rights which have a useful life of more than one year are calcified as fixed assets and intangibles (immaterial and legal values). They are subject to depreciation write-offs.

Tax depreciation differs from book depreciation. Tax law specifies depreciation rates for each type of fixed asset. Taxpayer can apply straight line or reducing balance depreciation. The latter applies only to limited types of fixed assets. Recent amendments to CIT act enabled taxpayers to apply accelerated depreciation in particular in respect to brand new machines and equipment. Depreciation write-offs may be made from the initial value of new fixed asset classified in groups 3-6 – for example technical machines, in the amount of 30% of value in the first tax year when these fixed assets were put into evidence.

Land is not subject to depreciation write offs.

Intangibles subject to depreciation consist of intellectual property rights, licenses and goodwill which results from the purchase of a business.

### **THIN CAPITALIZATION**

Interest due on loans or credits granted by a foreign related party (a sister company or a shareholder holding at least 25% of stock) are not be recognised as a tax deductible cost when the loan - (credit)/ share capital ratio exceeds 3/1.

### **LOSSES**

Tax losses suffered by CIT taxpayer may be carried forward and credited against its income over the period of the following five tax years. Only half of the original loss may be deducted in any of the five years.

### **DIVIDENDS**

Dividends and other revenues from sharing in profits are taxed separately from remaining revenues. They are subject to 15% tax withheld by the payer. Withholding taxation of dividends applies equally to

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 18 undertakes no responsibility for the activities, work, opinions or service of the other member firms.

both resident and non-resident taxpayers. Resident taxpayer can enjoy the advantage of crediting the amount of tax withheld on dividend against his tax liabilities. Dividend paid to non-resident taxpayer may be taxed according to lower than 15% rate provided appropriate treaty on avoidance of double taxation allows so.

### **INTEREST AND ROYALTIES**

Interest and royalties paid to non-resident companies are subject to withholding taxation in Poland according to 20% rate. Of course provisions provided by appropriate treaty on avoidance of double taxation always prevail thus lower rates can be applied.

### **CERTIFICATE OF RESIDENCE**

Tax rates envisaged in the double taxation treaties may be applied only if a taxpayer holds a certificate of residency issued by the given country's tax authorities. This certificate confirms that the foreigner has residency in a country with which Poland has concluded a double taxation treaty, under which tax preferences are granted. A sworn translator should translate the documents into Polish. A certificate of residency is valid for one year from the date of its issue.

### **TRANSFER PRICING**

Transfer pricing rules implemented in Poland refer to the arm's length principle. In case of international transactions they are applicable where one individual or corporate entity participates (directly or indirectly) in the management or control, or holds stock of another corporate entity or another individual or corporate entity takes part (directly or indirectly) in the management or control, or holds stock in these entities and the requirements of the arm's length principle are not satisfied.

Domestic transfer pricing regulations are applicable when a Polish entity

- Takes advantage of its relations with another domestic entity entitled to income tax allowances or
  - where an individual benefits from a flat rate tax
  - is in capital relations with another domestic entity
  - or is in business relations with another domestic entity and does not comply with the arm's length principle, or
  - Declares lower income than income that might be expected if the terms of business relations with another domestic entity were determined on market terms.

Tax authorities may assess the income of the taxpayer according to following methods: comparable uncontrolled price method, resale price method, reasonable margin (cost plus) method, or the transaction profit method.

Furthermore taxpayers having transactions with related companies have to submit within seven days on demand of tax authorities detailed documentation of transactions.

### **RATES**

The standard corporate tax rate is 27%. Presently the governmental proposition is discussed to reduce it to 19% in 2004.

### **RETURNS AND PAYMENTS**

CIT taxpayer files its annual tax return by the end of the third month of the following tax year.

The financial statements of taxpayer should be filed in revenue office after their approval, but no later than by the end of the ninth month of the following tax year. During the tax year monthly declarations and advance payments are required.

### **PERSONAL INCOME TAX**

#### **TAXPAYER, RESIDENTS, NON-RESIDENTS**

Natural persons who reside permanently in Poland (residents) are subject to tax on their world-wide income (unlimited tax liability). It applies equally to both nationals and non-nationals. Up to the end of 2002 some non-nationals were able to enjoy limited tax liability irrespectively of their residence provided they came to Poland with the purpose of employment with companies having an international link. Since the beginning of 2003 also number of days of taxpayer's presence in Poland does not matter in finding out his/her tax liability.

## SOURCES OF REVENUES

Personal income tax is based on distinguishing sources of revenues. The way of taxation depends on the qualifications of the revenue to the particular source. There are following sources of revenues specified:

- Employment
- Activity performed personally (e.g. management contract)
- Business activity
- Special branches of agriculture activity
- Immovables and their parts
- Rent, tenancy or leasing agreements
- Capitals and property rights including revenue from sale of them
- Sale of immovables or movables
- Others

## PARTNERSHIPS

Income of partnerships is not subject to personal income tax. The income earned from partnership is shared between partners. Subsequently partners have to declare to taxation (PIT or CIT – depends on legal character of the partner) such income together with income earned from remaining sources. Partner has to tax the part of partnership income in proportion to his share in partnership's profits.

## INCOME

Subject to taxation is income calculated as difference between revenues earned from given source and costs suffered for the purpose of earning them.

## REVENUES

As revenue are treated all pecuniary values and value of performances in kind received by taxpayer. Generally, the taxable revenues are recognized on a cash basis. In case of revenue from business activity an accrual basis applies.

The date of receiving revenues connected with an economic activity is the date of issuing the invoice but not later than the last day of month in which the good was given or service was performed. In the case of export when the taxpayer has obligation to issue the custom document, revenue is earned at the date of export on the custom document confirmed by custom office.

Rules regarding taxation of in kind contribution to companies are the same as in case of corporate income tax. Nominal value of shares received in exchange for a contribution in kind is taxable at the date the company is registered. The only exception is where a contribution involves an enterprise or an organized part of an enterprise.

## COSTS OF MAKING REVENUES

Costs of earning revenues from given source is deductible only from revenues earned from this source. So e.g. the loss suffered in business activity cannot be compensated by the income from another source e.g. employment.

Taxpayers earning revenues from certain sources have to apply simplified means of assessing tax deductible costs. So, in case of

- Employment annual costs of making revenues amount to PLN 1,199,52
- Personal activity - 20% of revenue
- Exploring intellectual property rights – 50% of revenue.

In case of business activity similarly to CIT rules most costs are tax deductible unless they increase the value of fixed assets or are listed by law as non-deductible for example

- Costs of abandoned investments
- Penalties and fines
- Representation and non-public advertising over 0.25% of the revenues
- Business trips allowances over the limit specified by law
- Costs resulting insurance of passenger cars over €20 000
- Repayments of loans and credits.

## LOSSES

Tax losses may be carried forward and credited against income over the period of the following five tax years. The loss resulting from given source of revenue can be credited only against income from the same source.

## TAX SCALE

The general rule is that a taxation base one calculates as the whole income earned from all sources in MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

given tax year. As the tax year the calendar year is always understood. Tax is payable at progressive rates as follows (the thresholds are indexed annually):

Taxation base PLN		Tax
Above	Up to	
	37.024	19% of the taxation base minus PLN 530, 08
37.024	74.048	PLN 6 504, 48 + 30% of the surplus above PLN 37 024
74.048		PLN 17 611, 68 + 40% of the surplus above PLN 74.048

### SPECIAL TREATMENT OF SOME REVENUES

Some revenues are subject to taxation according to flat rates and separately from remaining revenues.

- Interest income from no-business activity and bank accounts – withholding taxation applies according to 20% rate
- Dividends - withholding taxation applies according to 15% rate;
- Revenues from gambling – withholding taxation applies according to 10% rate;
- Income, which was not revealed to tax authorities – rate 75%.
- Revenues from sale of movables and immovables – rate 10% of revenue.

### SIMPLIFIED FORM OF TAXATION

Taxpayers carrying out certain kinds of business activity may choose between two simplified forms of taxation. If amount of their sale did not exceed in previous tax year € 250 000 the tax is paid in lump sum based on the turn over. Small business can enjoy taxation called 'tax card'. The monthly amount of tax is determined by revenue office and depends on the place business is performed, kind of business and number of employees.

### NON-RESIDENTS

For natural persons with a limited liability income from activity performed personally (certain board duties, management contracts and Civil Code contracts) may be taxed at a flat rate of 20%. No deductions are available. Subject to withholding taxation are also dividends, royalties and interest paid to no-residents.

### RETURNS AND PAYMENTS

All employers withhold monthly tax on their employee's salary. Taxpayers carrying out their business or working for and paid by a foreign entity must meet monthly filing requirements on their own. An annual return is filed by 30 April of the following year. Expatriates who qualify for limited tax liability do not have to report income taxed at 20% in their annual return as this is the final tax liability.

### VALUE ADDED TAX (VAT)

Polish VAT is modeled on the EU system. A new VAT act is planned to be enforced on the day of Polish accession to EU structures.

### TAXED ACTIVITIES

Subject to taxation are

- Sale of goods within the territory of Poland
- Rendering of services within the territory of Poland
- Export/import of goods and services
- Provision of services and use of goods for publicity and advertising purposes
- Delivery by the taxpayer of goods and performance of services for the personal needs of the taxpayer
- Donations of goods
- Giving out of goods or the provision of services in return for non-taxable activities
- Exchange of goods and services.

Also sale of property rights as protected by industrial ownership act (e.g. trade marks) and copyrights in respect to computer programs is subject to taxation as well as granting license to use those rights.

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

## **TAXPAYERS**

All individuals, legal entities and organizational units without the status of legal persons, having their place of residence or registered seat in Poland provided they perform VAT activities on a regular basis in the territory of Poland must charge VAT.

## **TAX OBLIGATION**

This is general rule that tax obligation arises at the time of the supply of goods and performance of services for consideration. Where a transaction should be documented with a VAT invoice, the tax obligation arises at the time when such documents are issued, but not later than on the seventh day from the day when goods were supplied or services rendered.

However, for selected supplies of services (e.g., electricity, telecommunications, transport, leasing) and some taxable activities as import of services export of goods and export of services the tax obligation is deemed to arise at a different point (e.g., payment deadline, payment receipt or transfer of goods out of Poland).

## **VAT RATES AND TAX BASE**

The basic VAT rate is 22%. There are also applied reduced rates: 7%, 0%. Some goods and services are exempt from VAT.

The taxable base for VAT purposes is the net turnover, inclusive of all customs and excise duties.

## **VAT REGISTRATION**

Taxpayers are obliged to register themselves for VAT purposes before performing the first taxed activity. Registration enables the taxpayer to recover input VAT related to taxable activities. The obligation of registration does not apply to taxpayers who provide exclusively services exempt from VAT. Taxpayers whose taxable turn over did not exceed € 10,000 in the previous year are exempt from VAT but they can be taxed voluntary.

## **ASSESSMENT OF TAX AND FILING**

Taxpayers are required to file VAT returns and pay tax on a monthly basis. Small taxpayers are allowed to file tax returns and pay tax on quarterly basis. Entities that perform retail sales for the benefit of individuals not involved in economic activity are obliged to operate cash registers under special rules.

## **DEDUCTION OF INPUT VAT**

Taxpayers are allowed to deduct their input VAT (tax paid while purchasing goods and services) from their output VAT (tax charged on the sale). There are certain limitations of this right. The most important is that input VAT must not be related to sale of taxpayer, which is exempt from VAT or is not subject to VAT at all. Also purchase of goods and services which costs according to CIT or PIT rules is not tax deductible excludes the right to deduct VAT.

## **REFUND OF VAT**

Input VAT, which exceeds output VAT in given month is to be deducted in subsequent months.

There are two major exceptions allowing regain of the surplus of input VAT over output VAT.

Taxpayer, which performs the sale taxed according to rate lower than basic one (22%), can demand the refund of its input VAT exceeding the output VAT in given month. Such refund is limited in two ways. It cannot exceed 22% of the taxpayer's turnover taxed according to rates lower than basic one. Furthermore it cannot exceed the amount of input VAT as included in invoices, which are in fact paid by taxpayer.

Taxpayer performing activities taxed according to basic rate (22%) can demand the refund of its input VAT exceeding the output VAT in given month if the input VAT is related to acquisition of fixed assets or legal and immaterial values, which are subject to depreciation write offs according to CIT rules. This kind of refund is also limited. It cannot exceed amount of input VAT related to acquisition of above assets. Any kind of input VAT not related to acquisition of fixed assets cannot be refunded even if it exceeds output VAT of taxpayer.

There are also specific regulations regarding refund of input VAT in case purchased services are financed from the fund of the foreign aid.

## **TAXATION OF FOREIGN COMPANIES**

Any entity having a registered seat or place of residence abroad might be subject to Polish

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

VAT if it performs taxed activities personally or through an authorized person or with the help of employees or by using a plant or equipment serving to conduct manufacturing, trading or service activity. Having such activity foreign company should be registered as Polish VAT taxpayer. It entitles it to deduct input VAT charged on services or goods acquired in Poland.

### **IMPORT OF SERVICES**

However Polish authorities have limited number of instruments allowing to control foreign companies' obligation of VAT registration. So the alternative way of taxation has been developed. If foreign entity, which renders services on the territory of Poland is not registered as Polish VAT taxpayer and Polish recipient of services transfers the payment (remuneration) for services to the foreign company the tax should be paid by such recipient of services (import of services). In this situation foreign company is not required to charge Polish VAT on its services rendered in Poland

Refund made to foreign companies, which are not registered as Polish VAT taxpayers

Foreign company may retrieve input VAT paid on purchase of goods and services in Poland.

This way of retrieving VAT applies to foreign companies, which are not registered as Polish taxpayers and at the same time they are VAT taxpayers in the states of their seats. Furthermore foreign company must not perform in Poland any activity subject to VAT. There are number of exception regarding the last requirement. They include mostly transportation services but this is significant that the refund of VAT is not excluded in case foreign company performs in Poland services subject to VAT and such services are taxed by recipient of them as an import of services.

The refund of VAT is allowed only in case Polish companies reciprocally can retrieve VAT in the state foreign company has its seat.

### **CUSTOMS DUTY**

The Polish Customs Code is generally similar to the EU regime. The methods of determining customs value as well as the customs procedures are based on EU regulations.

Due to accession to EU brand new regulation are being prepared now.

### **EXCISE DUTY**

Polish excise duty is subject to harmonization with European Union legislation. Excise duty is charged on the supply, production, import/export or a shortage in production of certain goods, such as alcohol, cars, petrol, tobacco products and others.

Excise duty in domestic sales is calculated based on the selling price of goods (inclusive of excise duty).

On the importation of excise goods, the tax is calculated based on the customs value of goods (inclusive of customs duties). Generally, excise duty is payable by the producers or importers of excise goods.

Regulation on excise duty as well as regulation on VAT is subject to deep and complex modification to reach compatibility with EU directives.

### **SOCIAL SECURITY CONTRIBUTIONS (ZUS)**

All employees, all persons having their own business and some of earning revenues from personal activity are subject to social security contribution (insurance). Calculation base is revenue assessed for PIT purpose.

Following insurances are applicable:

- Pension – 19.52%
- Disability – 13.00%
- Sickness – 2.45%
- Accident: 0.4 – 8.12 (rate depends on the risk related to the employment)

The first two are payable equally by employees and employers up to a cumulative earnings limit of PLN 65 850. Sickness insurance is paid by employee, accident insurance by employer. The insurance paid by employee is deductible from his income before taxation.

Furthermore employers must pay contributions of 2.45% to the Labour Fund and 0.15% to guarantee the salaries of employees of bankrupt companies.

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 23

Employees employed by a foreign entity are not subject to social security contributions.

### **FOREIGN EXCHANGE LAW**

On 1 October 2002 a new foreign exchange law was implemented in Poland which is less strict than former one. It has further liberalized foreign exchange control over commercial transactions involving foreign currencies or Polish currency used in transactions between residents and non-residents. The number of activities requiring a foreign exchange permit has decreased.

The definition of resident includes individuals who are Polish residents, entities with headquarters in Poland, branches and permanent establishments of non-residents. Non-residents are individuals who are not Polish residents, entities with headquarters located abroad, and branches or permanent establishments of residents.

Due to accession of Poland to the European Union, a new law introduced the definition of non-resident from third country. Non-resident from third country is individual and entities having their residence or headquarters in a country, which is not UE member.

Number of transactions subject to control has been reduced. Generally, foreign exchange transactions between residents are not restricted with the exception of settlement made between residents in foreign currencies. The foreign exchange permit is needed in case of certain transactions between residents and non-residents. The restrictions are especially related to transactions between residents and non-residents from third country.

In particular following transactions requires the foreign exchange permit:

- Purchase and sale of securities made by non-residents from third country
- Acquisition securities, shares and immovables made by residents in third countries;
- Concluding loan and credit contracts between residents and non-residents from third country where the repayment of the half of loan or credit is made within one year.
- Donation made by residents to non-residents from third country
- Taking over debt of non-residents from third country by residents
- Resident's accession to debt of non-residents from third country.



## HUMAN CAPITAL

### SOURCES OF THE POLISH LABOUR LAW

There are several sources of the Polish labour law. The most important are:

- **Constitution**

The Constitution of Poland consists of very general provisions. The broadest constitutional protection for employees regards collective labour law.

- **Statutes issued by the Polish Parliament**

The most important is the Labour Code. It specifies the rights and duties of all employees, regardless of the category of work and the legal basis.

- **Specific sources of the law**

In Poland the very important source of the law is collective labour agreement. Once they are concluded they automatically change the individual employment contracts.

### LEGAL BASIS OF THE EMPLOYMENT RELATIONSHIP

In the Polish labour law there are several ways to enter into employment relationship: employment contract nomination, appointment, election, co-operative contracts of employment.

The most common form to enter into employment relationship is a form of an employment contract.

### NON-DISCRIMINATION PROVISIONS

In the Labour Code there are provisions that prohibit discriminating against employees because of sex. One of the duties that rests on the employer is that employer must make sure that employees of a different sex receive an equal remuneration for an equal work.

### EMPLOYMENT CONTRACT

An employment contract can be concluded for:

- Indefinite period of time
- Definite period of time
- Time of completion the specific task.

During a time of excusable absence of an employee an employer can hire another person on a basis of an employment contract for definite period of time (time of aforementioned absence).

Each of the contracts mentioned above can be preceded by an employment contract for PLN 17 611, 68 + 40% of the surplus above  
PLN 74.048 a trial period (no longer than three months).

After Poland's accession to the United Nations, the article 25(1) of the Labour Code is going to come into effect. That article specifies that if the parties to the employment contract concluded 2 employment contract for a definite period of time, unless the period of time between termination of the previous contract and concluding of the next did not exceed one month concluding a next employment contract for a definite period of time will be regarded as a concluding an employment contract for an indefinite period of time.

### TERMINATION OF AN EMPLOYMENT CONTRACT

An employment contract can be terminated

- By mutual agreement of the parties
- Upon declaration of one of the parties with observance of the period of notice, (termination by notice)
- Upon declaration by one of the parties without observance of the period of notice, (termination without notice, possible only in the cases specified in the Labour Code that are mentioned below)
- After the period it was concluded for has lapsed
- Upon completion of the task it was concluded for.

Declaration of both parties on the termination of an employment contract must be made in writing.

In declaration of an employer on termination of an employment contract an employer should inform an

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 25 undertakes no responsibility for the activities, work, opinions or service of the other member firms.

employee about the right to appeal to court.

Both parties can terminate an employment contract concluded for:

#### **TRIAL PERIOD**

The period of notice for an employment contract concluded for a trial period is:

- Three working days if the trial period does not exceed two weeks
- One week if the trial period is longer than two weeks
- Two weeks if the trial period is three months.

#### **INDEFINITE PERIOD OF TIME**

The period of notice for an employment contract concluded for an indefinite period of time depends on the period of employment with a given employer and is:

- Two weeks if the employee was employed for less than six months
- One month if the employee was employed for at least six months
- Three months if the employee was employed for at least three years.

Under provisions of the Labour Code if the employee occupies a post involving financial liability for property entrusted to him, the parties may agree in the contract of employment that in the case of its termination the period of notice shall amount to:

- One month if the employee was employed for less than six months
- Three months if the employee was employed for at least six months.

#### **DEFINITE PERIOD OF TIME**

The employment contract for a definite period of time may only be terminated only if that contract was concluded for a period of time longer 6 months and the parties reserved that right in the contract. The period of notice is two weeks.

#### **TERMINATION OF AN EMPLOYMENT CONTRACT WITHOUT NOTICE**

Under the provisions of the Labour Code there are two possibilities to terminate an employment contract without notice: Due to the fault of an employee if an employee

- Seriously violates the basic duties of an employee
- Commits an offence while the employment contract is valid, which renders impossible his further employment in the post, if the offence is obvious or has established by a valid court verdict
- Due to his fault loses his license necessary for the performance of duties connected with his post.

#### **Attention**

Termination of an employment contract without notice due to the fault of an employee cannot be done after one month from receiving by employer information about circumstances that allow him to terminate an employment contract without notice.

Without fault of an employee:

- If an employee is unfit to work by reason of illness:
- For longer than three months, if the employee was employed by the given employer for less than six months
- For longer than the period of receiving remuneration for illness and welfare benefits
- If the employee was employed by the given employer for at least six months,
- In the case of excused absence of an employee in work because of other reasons than listed above that last more than 1 month

An employee may also terminate an employment contract without notice in cases listed in the Labour Code – for example

- If there is issued medical report on harmful influence of an employment in post on an employee's health and the employer doesn't transfer an employee to different post,
- If an employer seriously violates the basic duties of an employer

#### **RIGHTS OF AN EMPLOYEE IN THE CASE OF AN UNLAWFUL OR UNJUSTIFIED TERMINATION OF AN EMPLOYMENT CONTRACT BY AN EMPLOYER**

In the case of unjustified termination of an employment contract by an employer, the employee is entitled to claim from the Labour Court

- Reinstatement on former conditions, or
- Due compensation

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 26

## **BAN ON NOTICE TO TERMINATE A CONTRACT OF EMPLOYMENT**

An employer may not give a notice to terminate a contract of employment to an employee:

- During vacation leave
- During excused absence
- Who has two years to acquire pensionable age
- During pregnancy and maternity leave (an employer neither can give notice to terminate a contract nor terminate an employment contract),
- After an employee filed a motion to obtain an upbringing leave (an employer neither can give notice to terminate a contract nor terminate an employment contract)
- During active military service (that protection doesn't consist employment contracts for a definite period of time)
- During serving by a husband to employee compulsory military service (termination of employment contract can be done only due to the fault of an employee).

## **LIMITATION ON TERMINATION AND GIVING NOTICE TO TERMINATE A CONTRACT OF EMPLOYMENT**

Employer may not terminate a contract of employment concluded with:

- Social labour inspector
- Member of a management board of a trade union or other trade union activist
- Member of a workers' council.

## **REMUNERATION FOR WORK**

The minimum remuneration for employees employed on a full-time basis is specified in an Act on minimum remuneration for work. In the year 2003 the minimum remuneration for work equals PLN 800 (an employee can not be offered lower remuneration)

According to the provisions of the Labour Code conditions of remuneration for work and other benefits connected with work are regulated by collective labour agreement.

Any employer who employs at least 20 employees that are not covered by a collective labour agreement must specify terms of receiving remuneration for work in the wage regulations.

## **WORKING TIME**

According to the Labour Code a working time cannot exceed 8 hours in a day and 40 hours in a 5 day working week in a clearing of accounts period that does not exceed 4 months - (the clearing of accounts period can be exceeded to 6 months in for example building industry).

## **OVERTIME WORK**

Work beyond a working time norm specified in the Labour Code is overtime work. This kind of work is allowed only in the case of:

- Necessity of conducting a rescue action to safe human's life or health or to secure property or to eliminate a break down
- Special needs of an employer.

Number of overtime working hours may not exceed, for a particular employee, 4 hours in any one day and 150 hours in a calendar year.

In a collective labour agreement or in a work regulation or in an employment contract if an employer is not covered by a collective labour agreement or is not obligated to issue a work regulation, an employer may determine a different number of overtime working hours in a calendar year. In that case a working time, including a working time in overtime hours, may not exceed 48 hours in an adopted clearing of accounts period.

## **SUPPLEMENT FOR OVERTIME WORK**

Supplement for overtime work is as follows

- 50% of remuneration for overtime work that falls within a workday, Sunday and holiday that is a normal workday for an employee,
- 100% of remuneration for an overtime work that fall within the night time, for an overtime work in Sunday and holiday that is not a normal workday for an employee, and for an overtime work in a day free from work that was granted in exchange for work in a Sunday or in a holiday that is a normal workday for an employee.

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

## **REMUNERATION FOR WORK IN THE NIGHT TIME**

According to the Labour Code, a night time is a time between 9 p.m. and 7 a.m.

An employee who works in the night time is entitled to receive additional remuneration - 20% of the hourly rate for each hour, determined according to the act on minimum remuneration for work.

## **LEAVE**

### **VACATION LEAVE**

According to the Labour Code each employee is entitled in every year to pay for uninterrupted vacation leave.

Statutory length of vacation leave is as follows

- 18 days after a year of work (after six months of work an employee is entitled to vacation leave of 9 days); 20 days after six years of work,
- 26 days after ten years of work.

An employer grants vacation leave in work days. Vacation leave is granted in accordance with the employer's vacation plan.

### **UNPAID LEAVE**

An employer may grant unpaid leave to an employee at their request.

### **PROTECTION OF WOMEN**

Women cannot be employed in harmful and strenuous work (for example work underground),

An employer cannot terminate or give a notice to terminate an employment contract to a pregnant woman unless there are grounds to terminate an employment contract without notice,

Women may not be employed in overtime or night time work.

### **SAFETY AND HYGIENE OF WORKING CONDITIONS**

The employer takes responsibility for the safety and hygiene of the working conditions,

The employer is obliged to protect the health and life of the employees by providing safe and healthy working conditions.

### **PROTECTION OF AN UNDER AGED PERSON**

The employer can employ an under aged person under 4 conditions. That, the employee is

- At least 16 years of age
- Graduated from grammar-school
- For vocational training
- To perform work that doesn't constitute a challenge to health.

An under aged person may not be:

- Employed in overtime work
- Employed at night time.

The working time of an under aged person

- Who is below 16 years of age may not exceed 6 hours per day
- Who is at least 16 years of age may not exceed 8 hours per day.

### **An under aged person has an increased vacation leave of**

- 26 days after a year of work.

### **TRADE UNIONS**

Each employee may participate freely in a trade union organisations and an employer can not limit the right of such participation.

### **GROUP REDUNDANCIES**

Group redundancies are regulated by an Act which has special conditions for dissolving employee's employments contracts for reasons concerning the workplace. The aforementioned Act applies to employers that employ at least 20 employees.

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms. 28

Group redundancies are permitted during the three month period an employer makes

- 10 employees redundant when the employer employs less than 100 employees,
- 10% of employees redundant when the employer employs at least 100 but less than 300 employees,
- 30 employees redundant when the employer employs at least 300 employees (the provision will come into effect on 1st July 2003).

**SOCIAL SECURITY CONTRIBUTION**

<b>Social security contributions</b>	<b>Contribution as a percentage of the calculation base</b>	<b>Financing employer</b>	<b>Employees</b>
Pension	19.52	9.76	9.76
Disability	13.00	6.50	6.50
Sickness	2.45		
Accident			2.45



## FOREIGNERS IN POLAND – EMPLOYMENT

### OVERVIEW

#### Foreigners working in Poland

Joining the EU also impacted on changes in regulations concerning the employment of foreigners. Basic principles of EU 'free movement of people and capital' were taken into account. The rules for a foreigner's employment in Poland depend on their nationality or profession.

#### General rules

The general rule applicable under both former and new regulations is the admissibility of foreigners' work in Poland subject to obtaining a proper permit. The authority empowered to grant such a permit is the province governor (voivode) whose jurisdiction covers the seat of the employer who applies for such a permit.

However, there are numerous exceptions to this rule. For instance, under the regulations the following groups of foreigners do not have the obligation to apply for a permit: refugees, individuals who have a permit to settle in Poland and individuals who have a permit for tolerated residence.

In addition, the regulations, in principle, exempt the following groups of foreigners from the obligation to obtain the permit:

- citizens of EU member states and of states with which the EU has signed an agreement on freedom of movement of people
- family members of the foreigner who either work or run businesses in Poland
- citizens of EU member states whose residence in Poland is sanctioned under the regulations on residence law applicable to EU member states, on right of residence for students and individuals who have finished employment or are running a business.

As a result of the outcome of Poland's negotiations with the EU during the pre accession talks and of the introduction by a number of the 'old' EU member states of some instruments to protect their labour markets against an influx of citizens of countries joining the EU, the Republic of Poland has decided to take some policy lines covering this aspect, equivalent to those applied by the 'old' EU members to Polish citizens.

#### Granting and refusing to grant a visa for employment purposes

The Employment Protection Act provides that obtaining a work permit in Poland by a foreigner is conditioned by obtaining a prior promise of granting a work permit for individuals who do not have an adequate visa or permit for residence for a definite period.

The issue of granting visas to foreigners is regulated by the Foreigners Act of 13 June 2003 (Journal of Laws No. 128, item 1,175). Pursuant to its regulations, a foreigner coming to Poland should receive a visa depending on the purpose of his/her stay.

Granting a visa for employment purposes is done by the applicant presenting a promise of granting a work permit in Poland; or a written statement by the employer about the employer's intention to employ the foreigner, if a work permit is not required.

The visa for employment purposes is valid for the period for which the employer has promised to employ the foreigner or for the period indicated in the statement of intention to employ. However, the validity period of such a visa cannot be longer than one year.

The final decision to grant or refuse a visa lies with the consul of the Republic of Poland whose jurisdiction covers the foreigner's permanent residence place.

If the foreigner already lives in Poland then the competent authority to grant an adequate visa is the relevant province governor. If a foreigner, on the day of placing an application, holds an adequate visa or residence permit, then the employer can apply for the grant of a work permit without the need to obtain a prior promise.

### **Employment policy regarding EU citizens**

The act on employment promotion and labour market institutions authorises the Polish government to apply to EU member state citizens regulations in Exhibit XII point 2 clause 11 of the Accession Treaty. These concern limits on employing citizens from the EU and transition periods during which citizens face difficulties obtaining employment. The respective policies of particular EU member states towards Poles are different, as a result of which the Polish policy is not the same for all EU members.

The issue of freedom of employment of EU member states' citizens in Poland is regulated in detail under the ordinance, by the Minister of Economy and Labour, of 26 May 2004 on the scope of limitations in the sphere of employment of foreigners in the Republic of Poland (Journal of Laws 123, item 1293).

The general rule is that in the case of citizens of a given state, limitations analogous to those imposed by that state to Polish citizens will apply. As the United Kingdom, Ireland and Sweden have opened their labour markets to Poles, citizens of those countries can work in Poland without obtaining a permit.



## COMPETITION LAW

The Polish competition law system is generally based on two parallel pieces of legislation.

### THE LAW ON COMBATING UNFAIR COMPETITION

The first Act, which came into force on 10th November 1993, is called 'The Law on Combating Unfair Competition'. It regulates the protection and prevention of unfair competition in the public interest, the interest of costumers, consumers and entrepreneurs. Article 3 describes 'an act of unfair competition' as an activity contrary to the law or good customs infringing or may infringe upon the interests of other customers or entrepreneurs. There is an open catalogue of activities which may be deemed as the acts of unfair competition, in particular: 'misleading designation of enterprise', 'misleading designation of goods or services, false or fraudulent designation of geographical origin of goods or services, violation of business confidentiality, inducing to terminate or non fulfillment of an contract, product imitations, imputing or dishonest praise of goods, obstruction of market access and dishonest or unlawful advertising. It is important to add that the list of activities, stated above, is not closed, there may exist an act of unfair competition which is not listed in the catalogue. Most of the acts of unfair competition result in civil liability. The entrepreneur whose interest was infringed or threatened may claim:

- Omission of unfair activities
- Elimination of the effect of unfair activities
- Public statements of proper form and content
- Relief damages
- Return of baseless enrichment,
- Imposition of fines for a public purpose.

Some acts of unfair competition, for example violation of business confidentiality which cause serious damage, result in criminal liability.

### THE LAW ON PROTECTION OF COMPETITION AND CONSUMERS

Second Act, 'The Law on Protection of Competition and Consumers', came into force on 1 April 2001. It determines conditions for the development and protection of competition as well as the rules of undertaken in public interest protection of entrepreneurs and consumer's interests. The Act governs the rules and measures of counteracting competition restricting practices and anticompetitive concentrations of entrepreneurs and associations thereof, where such practices or concentrations cause or may cause effects on the territory of the Republic of Poland. The Act states the Prohibition of competition restricting practices. In article 5 it is said that the agreements which have as their object or effect elimination, restriction or any other infringement of competition on the relevant market shall be prohibited, in particular those active in:

- Fixing, directly or indirectly, prices and other conditions of purchase or sales of products,
- Limiting or controlling production or supply as well as technical development or investments,
- Sharing markets of supply or purchase,
- Application in similar transactions with third parties onerous or not homogenous contract terms, thus creating for these parties diversified conditions of competition,
- Making conclusion of an agreement subject to acceptance or fulfillment by the other party of another performance, having neither substantial nor customary relation with the subject of the agreement,
- Limiting access to the market or eliminating from the market entrepreneurs which are not party to the agreement,
- Fixing conditions of a bid made by entrepreneurs participating in a tender, in particular in relation to the scope of works or price.

Chapter II of the Act prohibits the abuse of a dominant position. It is said that the abuse of a dominant position on the relevant market by one or more entrepreneurs shall be prohibited. The abuse of a dominant position may, in particular consist in:

- Direct or indirect imposition of unfair prices, including predatory prices or prices glaringly low, significantly delayed payment terms or other conditions of purchase or sale of products
- Limiting production, supply or technical development to the detriment of contractors or consumers,
- Application in similar transactions with third parties onerous or not homogenous contract terms, thus creating for these parties diversified conditions of competition
- Making conclusion of the agreement subject to acceptance or fulfillment by the other party of another performance having neither substantial nor customary relation with the subject of agreement counteracting formation of conditions necessary for emergence or development of the competition,

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

- Imposition by the entrepreneur of onerous contract conditions, yielding to this entrepreneur unjustified profits
- Creating for consumers onerous conditions of redress.

Legal actions which constitute abuse of a dominant position shall be in their entirety or in the respective part null and void.

The Act Appoints the President of the Office for Competition and Consumer Protection as the state authority governing competition issues. The President of the Office is the central government administration organ competent in the protection of competition and consumers. The Prime Minister supervises the activities of the President of the Office.

The President of the Office issues the decision assessing the practice as restricting the competition and ordering to refrain from it where he finds the infringement of the prohibition defined in the Act. Appeals against decisions made by must be lodged with the Anti-Monopoly Court. Not observing the provisions of the Act may result in pecuniary fines, which can amount to 10% of the annual income of the entrepreneurs and may not exceed 5.000.000 €.

The intention of concentration is subject to the notification to the President of the Office in the case where combined turnover of the entrepreneurs participating in the concentration in the marketing year preceding the year of the notification exceeds 50 million €O. The obligation stated above concerns the intention of

- Merger of two or more independent entrepreneurs,
- Taking over – by way of acquisition or entering into a possession of stocks, other securities, shares, of the entirety or a part of the property or in any other way obtaining direct or indirect control over one or several entrepreneurs
- Creation by entrepreneurs of one joint entrepreneur
- Taking over or acquisition of stocks or shares of another entrepreneur resulting in achieving at least 25% of votes at a general assembly or assembly of partners
- Assuming by the same person the function of a member of the managing or controlling body of the competing entrepreneurs
- Initiating to exercise the rights arising from stocks or shares taken over or acquired without prior notification.

The President of the Office prohibits, by way of a decision, to perform the concentration which results in creation or strengthening of a dominant position, in consequence of which the competition on the market would be significantly restricted.

## REAL ESTATE

### OWNERSHIP

Polish Constitution states that 'The Republic of Poland shall protect ownership and the right of succession. Expropriation may be allowed solely for public purposes and for just compensation.' In principle the acquisition of real estates is unrestricted. However there are some exemptions. The general principle is that the purchase of real estate by foreigners requires permission from the Minister of the Internal Affairs and Administration. A foreigner is a

- Natural person who is not a holder of Polish citizenship,
- Legal entity having a registered office abroad,
- Partnership of persons or entities referred to above, without legal personality, having a registered office abroad, established under foreign law,
- Legal entity or a commercial company, without legal personality, having a registered office in the territory of Poland, in which a controlling stake is directly or indirectly held by persons, entities or partnerships referred to above.

A permit is required for each real estate purchased, that is each time the title to or the right of perpetual (99-year) usufruct of real estate is acquired by act of law.

There are some exemptions from the obligation to obtain a permit. These include purchase of

- Lots not larger than 0.4 hectares in urban areas, by a controlled legal entity for statutory purposes,
- Separate apartments
- Real estate by a foreigner living in Poland for at least five years from the date of obtaining a permanent residency card
- By a foreigner married to a Polish citizen and living in Poland for at least two years from the date of obtaining a permanent residency card, of real estate which will constitute the joint statutory property of man and wife,
- Real estate by a foreigner when on the day of transaction he or she is the intestate successor to the real estate seller, provided that the seller has been the owner or perpetual usufruct of the real estate for at least five years
- Real estate by a foreign entity which is a bank and, at the same time, mortgagee by way of taking over property as a consequence of ineffective sale under execution proceedings
- Or taking up by a directly or indirectly controlled bank of shares in a company registered in Poland and holding title to or the right of perpetual lease of real estate, in connection with enforcing a claim arising from the performed banking services.

A permit is also necessary if the foreigner is planning to purchase shares in a company holding title to or the right of perpetual lease of real estate and if it results in taking over control of such company, or, in the case of a company which is already controlled, if its shares are purchased or subscribed for by a foreigner who is not the company's shareholder or partner. In the case of a commercial company, a controlled company means a company in which one or more foreigners hold a dominant position.

Purchase of real estate or shares by a foreigner is invalid if the provisions of the law in question are not observed.

### LEASE

In Poland there are no special requirements for foreigners to lease real estate. It is important to note that the minimum leasing period for real estates is three years. The contract of lease concluded on less than three years shall be deemed to have been concluded on indefinite time.

### LAND AND MORTGAGE REGISTER

After the final agreement transferring the ownership of real estate or perpetual usufruct, the new owner or user of perpetual usufruct should enter this to Land and Mortgage Register maintained by the appropriate court. The existence of the owner or user's rights in the Land and Mortgage Register is the best way to prove the title to the property.

### PERPETUAL USUFRUCT

Perpetual usufruct is the right to use and administer

- Lands owned by the State Treasury that are situated within the administrative limits of towns,
- Lands owned by the State Treasury situated beyond those limits but covered by the immovable

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm undertakes no responsibility for the activities, work, opinions or service of the other member firms.

- property spatial development plan of a town and designated to serve its economic needs, and
- Lands owned by units of territorial self-government or their unions
- Buildings and other facilities erected on the land owned by the State Treasury or by units of territorial self-government or their unions by the perpetual usufructuary shall be his property.

The same shall apply to the buildings and other facilities which the perpetual usufructuary has acquired when concluding the contract of the letting of the land for perpetual usufruct.

Maximum term of perpetual usufruct is ninety -nine years. In exceptional cases where the economic purpose of perpetual usufruct does not require letting the land for ninety-nine years, the land may be let for a shorter period, but not less than forty years.

During the last five years before the lapse of t he time stipulated in the contract the perpetual usufructuary may demand its prolongation by a further period ranging from forty to ninety-nine years. The perpetual usufructuary pays an annual rent estimated on the basis of the land value.

The mode of using the land owned by the Stat e Treasury or units of territorial self-government or their unions by the perpetual usufructuary shall be specified in the contract.

The contract may be dissolve before the lapse of the time specified in it if the perpetual usufructuary uses the land in t he manner self-evidently inconsistent with its designation specified in the contract.

### **PURCHASE OF LAND IN POLAND BY FOREIGNERS**

An individual who wishes to obtain real estate in Poland must fulfill the requirements as specified in the Act of 24th March, 1920, on the acquisition of real estate by foreign real persons.

Permits for the acquisition of real estate are issued by the Director of the Department of Permits and Licences of the Ministry of Internal Affairs and Administration by authority of the Minister of Internal Affairs and Administration and upon approval o the Minister of Agriculture and Rural Development. Furthermore, the Minister of Internal Affairs and Administration may refer to other than the aforementioned state administrative agencies, local government, professional organisations and in situations for their opinion and the handover of documents and information.

### **PROCEDURE**

The application form together with all attachment s for obtaining a permit from the Minister of Internal Affairs and Administration for the acquisition of real estate by foreign real person may be submitted by mail or in individual in a day-book office of the Department of Permits and Licences of the Ministry of Internal Affairs and Administration.

Administrative proceedings regarding the issuance of a permit by the Minister of Internal Affairs and Administration to acquire real estate by foreign real persons may take approx. 2 months, subject to a condition that together with the application form all required documents were submitted and all opinions of proper administrative authorities required by the provisions of law were supplied.

Administrative decision of the Minister of Internal Affairs and Administration permitting the acquisition of real estate is valid for one year from the day of its issuance. After the expiration of this term, it becomes invalid by virtue of law.

In substantial cases, ex. in case of making a bid on a given real estate, an applicant may apply for a pledge of a permit called 'promesa.'

A pledge is issued after the completion of administrative procedure, which takes approximately 2 months as in case of a permit.

A pledge is valid for 6 months from the day of its issuance.

### **PRELIMINARY AGREEMENT**

It is possible to execute, prior to obtaining t he Ministry's permit, a preliminary agreement in which the seller undertakes to sell a specific real estate to the purchaser and the purchaser undertakes to pay the price for such real estate to the seller on a specific day or on a specific condition. Such agreement does not transfer the ownership title to the land, but is the basis for a claim for execution of the final agreement after the permit is obtained.

MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 35 undertakes no responsibility for the activities, work, opinions or service of the other member firms.

## **FINAL AGREEMENT**

After the Ministry issues the permit, the agreement to transfer the ownership title to the land or the right of perpetual usufruct should be executed in the form of a notarial deed, otherwise it is null and void.

## **SECURITIES MARKETS**

Polish securities market is regulated according with EU directives. In general, there are no special restrictions apply to foreign investors purchasing securities however it is subject to specific regulations in certain industries (like banking, insurance) and depends on the type of the security (different restrictions to bonds).

The Securities and Exchange Commission is a legal body controlling and protecting public market. The SEC cooperates with the National Depository of Securities – the clearing house.

The securities are introduced to trading either on Stock Exchange Market or OTC Market. The Warsaw Stock Exchange is the principal market in Poland where stocks, bonds, derivatives and other securities are quoted. Securities are traded on three different markets: primary market, parallel market and free floor. The Warsaw Stock Exchange market capitalization amounted to €26,325 M year end 2002.



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 36 undertakes no responsibility for the activities, work, opinions or service of the other member firms.

**FOR FURTHER INFORMATION CONTACT**



**Ibex House  
Baker Street  
Weybridge  
Surrey  
KT13 8AH  
UK**

**Telephone** + 44 1932 853393  
**Email** [info@mgiworld.com](mailto:info@mgiworld.com)  
**Web** [www.mgiworld.com](http://www.mgiworld.com)

**DOCUMENT DISCLAIMER**

This document, put together by MGI World, is correct at the time of going to press. MGI World, however, cannot and does not accept responsibility for any losses or damages arising as a result of reliance on the information therein contained. The booklet is a summary produced as a guide only, and not meant to be a complete summation of the laws of the land.



MGI is a worldwide association of independent auditing, accounting and consulting firms. Each member firm 37  
undertakes no responsibility for the activities, work, opinions or service of the other member firms.