



DOING BUSINESS IN POLAND FOR DANISH INVESTORS



INTRODUCTION

This brief presentation of Poland prepared by the Embassy of Denmark, The Trade Council and Peter Nielsen and Partners Law Office in Warsaw is aimed at providing Danish investors with basic but crucial information on Polish business climate and legal system. We hope that this presentation helps you make decisions on investment in Poland.

For further information please visit homepages of the Danish Embassy www.polen.um.dk and Peter Nielsen and Partners Law Office www.pnplaw.pl or contact us directly.

„Doing Business in Poland for Danish Investors“ takes into consideration legal regulations as of May 1, 2012.

DISCLAIMER

This document is for information purposes only and it cannot be considered as legal advice on any matter. We have carefully examined all issues to ensure that the information contained herein is credible and current. However, we do not guarantee the credibility and validity of the material and we are not responsible for any errors or omissions or for any consequences of using the information. Prior to making any decision or taking any action, you should consult your lawyer or other relevant adviser.

WELCOME TO POLAND



As a member of the EU for 8 years, Poland has gradually resumed its natural and important place as a major neighbour to Denmark and as a large European nation. Today, Poland is our 10th biggest market. More than 500 Danish companies are well established here, employing more than 40,000 people.

And for good reasons: a market of 38 million consumers; a growing economy; only 350 kilometres away from Copenhagen. It is certainly relevant to take a closer look at Poland.

A fast growing domestic market, neighbouring two other huge markets, massive investments in infrastructure and inflow of EU funds, skilled manpower and an overall well-educated society are some of the key advantages of Poland.

Poland's economic success continues to attract attention of many investors from Scandinavia. The Polish economy's accumulated value of GDP growth in the period 2008 - 2011 amounts to 14.9%, which is the highest of all 27 EU member countries, and almost twice as high as in Slovakia, which is in the second place. Finally, Poland is the only EU member country which has experienced undisturbed GDP growth on an annual basis since 2004.

The Embassy in Warsaw has over the years accumulated a lot of knowledge and experiences on supporting Danish companies in their investments in Poland. This guidebook is a brief summary of our „field experience“ and provides answers to many questions frequently asked by Danish companies before and during start up in Poland. It is our hope it will be helpful to entrepreneurs taking their first steps here.

I invite everybody seeking professional assistance and more specific information to contact the Embassy's Commercial Department.

We wish you success in Poland.

Erik Brøgger Rasmussen
Chargé d'Affaires a.i.
Embassy of Denmark



In the countries to the southwest, west and north of Poland authorities and industry organizations are facing an increasing problem: the younger generations lack ambition for themselves which leads to a lower degree in education, career and entrepreneurship. The increasing individualism reinforces this development.

In Poland the equivalent generations tasted the hard times - financially as well as politically - themselves, or at least their parents did. Further, the Poles traditionally are thinking relatively more about the common benefit and less about their individual interests.

This creates a completely different attitude. Ambitions are motivating the people to work hard and to be higher and better educated, so the overall trend is the opposite than that of the Western countries.

Trends are beneficial for Poland - enabling it not only to stay competitive but also to increase its competitiveness in production, entrepreneurship and innovation.

Investors from Denmark should benefit from these trends.

Legal matters in Poland differ a lot from Danish legal matters. We therefore hope that this booklet will guide you properly although it does not replace concrete legal advice.

I wish you all the best for the business.

Peter Tærø Nielsen
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Former Chairman, Scandinavian Polish Chamber of Commerce,
Warszawa

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FOREIGN DIRECT INVESTMENTS IN POLAND

Why Poland?

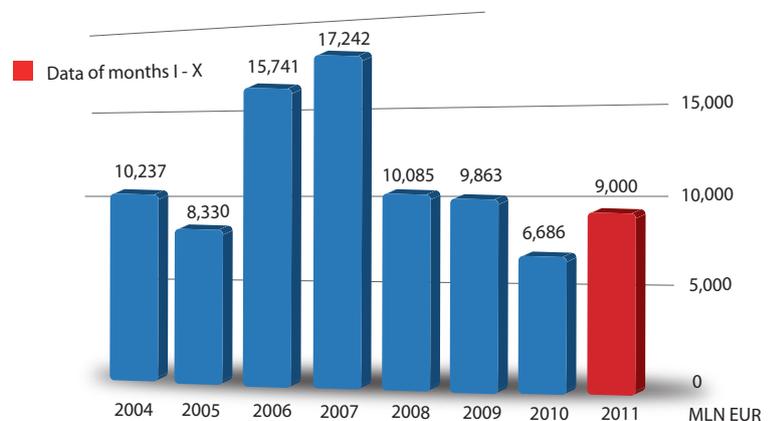
Since the early 1990's, Poland has become an increasingly interesting business destination for Denmark. The vast majority of Danish companies investing in Poland can be attributed to the following reasons for selecting this market for their expansion:

- Proximity to Denmark and central location between German and Russian markets
- Large home market of 38 million consumers
- Access to skilled and well-educated employees
- Strong and growing economy
- Investment incentives (e.g. EU funds)
- Cost optimization (including labour costs)
- Improving infrastructure
- Public procurement opportunities
- Political stability based on EU and NATO membership

Foreign direct investment (FDI)

Poland has been benefiting from large inflow of FDI during recent years, peaking at EUR 17 billion in 2007 and reaching the value of EUR 9 billion EUR at the end of 2011.

FDI inflow to Poland in 2001 - 2010 (EUR million)



Source: Polish Information and Foreign Investment Agency

The largest investors in Poland are traditionally: Germany, France, Luxemburg, Sweden, the Netherlands and the United States. Denmark is also a major investor in Poland. In the period 2002-2008 Denmark was the 9th biggest investor overall. In 2010 Denmark was the 11th biggest investor overall and the level of Danish investment reached EUR 220 mln. According to the Embassy's estimates there are approx. 400-500 Danish companies active on the Polish market, and the total number of companies with Danish shareholders exceeds 700. Danish companies are especially visible in northern Poland, in Zachodniopomorskie and Pomorskie Regions.



Poland has traditionally been perceived as a production outsourcing destination in a vast number of sectors including: automotive, machine and metal production, food processing, plastics, etc. However, in recent years, Poland has been successful in attracting a great number of investors focused on Business Process Outsourcing and Shared Service Centres. Furthermore, both from global investors' and Danish companies' perspective Poland is becoming an attractive place for locating investment in the renewable energy sector. Finally, positive development on the Polish consumer and retail market has been noticed by the retail and luxury goods sector resulting in new brands and chains entering Poland.

POLISH ECONOMY

Poland has managed very well during the global financial crisis and with a real GDP growth at 1.6% saw the highest - and only positive growth rates in the EU in 2009. In 2011 Poland proceeded among leaders in GDP growth and this is expected to continue throughout 2012.

GDP	2009	2010	2011	2012	2013
Poland	1.6	3.9	4.3	2.7	2.6
Denmark	-5.8	1.3	1.0	1.1	1.4

Source: European Economic Forecast, spring 2012

The GDP value in current prices (US dollars) estimated by the International Monetary Fund identifies Poland as one of the 20 largest economies in the world and about 10 ranks ahead of Denmark.

US Dollars	Poland (2012)	Denmark (2012)
GDP, current prices	528.460 billion	321.027 billion
GDP per capita, current prices	14.039	57.572

Source: International Monetary Fund

Over the last decade Poland has been experiencing a major drop in the unemployment rate, which reached a peak level of 20% just before entering the EU in 2004 and dropped to a record low of 7.1% in 2008.

Unemployment	2009	2010	2011	2012	2013
Poland	8.2	9.6	9.7	9.8	9.6
Denmark	6.0	7.5	7.6	7.7	7.6

Source: European Economic Forecast, spring 2012

Poland has been experiencing higher inflation (HICP = Harmonised Index of Consumer Prices) than Denmark, but it has managed to maintain inflation at a reasonable level.

HIPC	2009	2010	2011	2012	2013
Poland	4.0	2.7	3.9	3.7	2.9
Denmark	1.1	2.2	2.7	2.6	1.5

Source: European Economic Forecast, spring 2012



INVESTMENT INCENTIVES

Poland offers support to companies making new investments in various production and services sectors. Special focus is given to projects implementing new technologies, based on R&D, leading to the creation of new products and using environment friendly solutions and creating new renewable energy sources.

In case of the most popular investment incentives, the EU regional aid limits apply i.e. support cannot exceed 30-70% of project eligible costs (depending on the size of the company and location of the project).

It is also important that investors apply for support before starting the investments.

EU funds 2007-2013	The total EU funds allocation to Poland in the period 2007-2013 exceeded EUR 67 billion. Today, most of these funds have been distributed through a number of nationwide and regional programmes. However, the opportunities should be verified in each case individually. Poland will remain the main beneficiary of EU funds after 2013, but there are still no details available regarding the next EU budget 2014 - 2020.
CIT exemptions in Special Economic Zones	Companies that decide to invest in the Special Economic Zones can benefit from corporate income tax (CIT) exemption in relation to income generated from business carried out on the zone's area. There are 14 zones located in different parts of Poland and min. investment cost must be EUR 100,000.
Real estate tax exemptions	This type of support is offered by individual municipalities to companies making new investments. The maximum annual tax per m ² of land without buildings is PLN 0.84, and the annual tax for land with buildings is PLN 21.94.
Government grants	This type of support is offered based on bilateral agreements concluded between the Polish authorities and the investor. Support is granted for investments in the following priority sectors: automotive, electronics, aviation, modern services sector, research and development, biotechnology. It can be also offered to significant investments in other sectors creating min. 500 new job places.
Renewable energy support possibilities	Renewable energy production is supported by certificates systems (e.g. green certificates covering electricity production, or red certificates for co-generation). In addition, investors can benefit from soft loans offered by the National and Regional Funds for Environment Protection and Water Management. Finally, Danish investors have a possibility to take advantage of the Joint Implementation scheme related to CO ₂ emissions.
Other	Other types of support can cover e.g. employment grants (covering unemployed persons).

ESTABLISHING BUSINESS

1. Forms of business organisation

The Polish law provides the following commercial forms of conducting economic activity which are not reserved for the State only:

English name	Polish name
Limited liability company	Spółka z ograniczoną odpowiedzialnością abbreviation - Sp. z o.o.
Joint-stock company	Spółka akcyjna abbreviation - S.A.
Registered partnership	Spółka jawna abbreviation - sp.j.
Professional partnership	Spółka partnerska abbreviation - sp.p.
Limited partnership	Spółka komandytowa abbreviation – sp.k.
Limited joint-stock partnership	Spółka komandytowa-akcyjna abbreviation - S.K.A.
Cooperative	Spółdzielnia
Branch of a foreign entrepreneur	Oddział przedsiębiorcy zagranicznego
Representative office of a foreign entrepreneur	Przedstawicielstwo przedsiębiorcy zagranicznego

In general, Danish companies and other Danish persons may conduct economic activity in any commercial form available to Polish persons as specified above.

Usually the establishment of economic activity in Poland does not require any earlier permits from the Polish authorities. Nevertheless, if an entrepreneur wants to start performing certain activities, it is obligatory for him/her to obtain a concession, permission or licence from the relevant authority. Furthermore, particular activities may be performed under additional conditions and upon registration in separate registers of the regulated activity. Moreover, the intention to establish a new company may be subject to examination by the President of the Office for Competition and Consumer Protection.

In the next chapter we describe the main features of a limited liability company which is the most popular form of economic activity for Danish investors in Poland

2. Limited Liability Company

A limited liability company (Sp. z o.o.) is a kind of a capital company which is conducted by a limited number of shareholders. This type of company is an equivalent of the Finnish private limited company - osakeyhtiö (oy). It is the most common legal form of economic activity intended for conduct of small and medium-size commercial enterprises. Some large companies also prefer to conduct economic activity in the form of a limited liability company, because corporate operations in a limited liability company are simpler in comparison to a joint-stock company.

Shareholders in a limited liability company are not liable for the company's liability with their private property, with the exception of one case. In accordance to the Polish law a shareholder may be responsible for obligations of the "company in organisation".

The minimum initial capital of a limited liability company amounts to PLN 5,000.00. The minimum nominal value of one share amounts to PLN 50.00. Contributions of the company's shareholder to the capital of the company can be made either in cash or in-kind.

The authorities of a limited liability company consist of:

- shareholders' meeting,
- supervisory board or audit commission,
- management board.

The supervisory board or audit commission has to be appointed in companies whose initial capital exceeds PLN 500,000.00 and where there are more than twenty-five shareholders. In other situations creation of the supervisory board or audit commission is not necessary.

The supreme executive body, and the only body holding the right to represent and sign for the company, is the management board. The management board represents the company and manages its daily matters.

3. Registration Procedures, Timing and Costs

An entrepreneur who is going to start economic activity in Poland is obliged to perform a number of registration procedures:

- registration of the economic activity in the National Court Register or another relevant register,
- registration of the entrepreneur in the Voivodship Statistical Office,
- opening a bank account,
- registration in the local tax office,
- registration of employees in the Social Security Agency („ZUS”).

The standard registration procedures (National Court Register, statistical office, tax office and ZUS) last between 4 and 7

weeks. In case a licence or permit for a business activity is necessary it takes an additional 4 to 10 weeks.

The costs related to the establishment of economic activity depend on the legal form chosen for conducting economic activity in Poland.

An example below: the main official costs related to the establishment of a limited liability company with a minimum initial capital (5000 PLN) with the assumption that no permissions, concessions or licences are necessary.

Cost	Amount	Description
Tax on acts in civil law	PLN 25	the rate of the tax amounts to 0.5% of the initial capital
Notary fee	approx. PLN 200	cost of drawing up the notary articles of associations, the copies of the articles issued to the client are charged separately
Stamp duty re VAT registration	PLN 170	cost of registration of the company as a VAT payer
Court registration fee	PLN 500	cost of registration of the company in the court register
Publication in MSiG	PLN 500	cost of announcing the registration of the company
Lawyer's fee		depends on particular agreement between client and lawyer
Patterns of signature	Approx. PLN 24	For each pattern of signature confirmed by a notary public

REAL ESTATES

1. Acquisition of Real Estates by Danish Persons

Since the day of the Polish accession to the EU, with some exceptions, real estates may be subject to acquisition by Danish persons without any permits or other restrictions i.e. on similar conditions to acquisition of real estates by Polish citizens.

This general rule has two exceptions i.e.:

- acquisition of agricultural land and
- acquisition of forests.

In such cases acquisition of real estates by a Danish person requires a prior permission from the Polish Ministry of Internal Affairs and Administration. Poland may keep these restrictions for twelve years from the date of accession to the UE (i.e. till May 1, 2016).

2. Other Limitations in Purchase of Real Estate

The most significant limitation concerning the trade with real estates is the pre-emption right. Pre-emption right in case of a real estate results in two sale agreements, which usually prolongs the whole transaction. Most common is the pre-emption right of municipalities. Municipalities have the pre-emption right e.g. in case of sale of a non-developed real estate purchased previously from the State Treasury or self-governmental units. Sale agreements signed with the breach of the pre-emption right stipulated in the provisions of the law are null and void. Therefore we recommend to check whether the real estate is not burdened with the pre-emption right.

3. Legal Form of the Transfer of Real Estate

In Poland acquisition of real estate requires a contract of seller and buyer drawn up by a notary public in the form of notary's deed.

4. Price Indication

The price levels for investment plots vary considerably across the country depending on the specific location, distance to main cities and transport routes as well as available infrastructure. It is our general experience that the price levels for investments plots suitable for different type of industry production are mainly in the range of PLN 40 - 200 for 1 sq. meter. The PLN 200 - level applies to plots located within close distance to larger cities such as Wroclaw, Poznan, Krakow or Lodz offering all basic infrastructure.



LABOUR LAW

1. Employment Contract in General

Labour relationship arises by a contract of employment or by an appointment act.

In further description of the labour law we will focus on employment contract as the most popular form of labour relationship.

The contract of employment may be agreed for an indefinite time, for a definite time, for conducting a certain job and for substitution of an employee for the time of excused absence of the employee. Each of these contracts may be preceded by a contract for a trial period, however not exceeding 3 months. The contract should be put in writing, with the type and terms and conditions of contract explicitly outlined.

2. Termination of Employment Contract

Termination of the contract may occur:

- on the basis of mutual consent of both parties,
- with or without notice by either party,
- at the end of the task for which it was concluded,
- on the date when the work for which it was concluded is completed.

The termination of an employment contract without notice may take place on the basis of reasons indicated in the Labour Code only. In case of a contract for an indefinite time, both parties may terminate the contract with notice. This termination is not subject to any further conditions, however the employer is always obligated to give the employee a reason justifying the termination. The notice period depends on the period of employment with a given employer.

3. Remuneration and Salary Levels in Poland

Remuneration for work should be fixed in a manner corresponding to a particular type of work performed and qualifications required for that work's performance. It must also take into account the quantity and quality of the work performed.

When speaking of salary rates in Poland, the gross levels are mentioned in salary statistical data and job interviews with potential candidates. The gross levels are calculated as net salary level plus cost of the social and tax contributions paid by employees. The super gross salary level is interpreted as the total cost of the employee in the company (gross level plus social contributions paid by the employer). Rates of social contributions are described in the further part of this report Compulsory insurance Rates.

The example of net, gross and super gross salary calculation is presented in the table below.

Example calculation		
Net salary (paid to the employee)	Gross salary (net salary plus social & tax contributions paid by employees). Usually provided during job interviews.	Super gross salary (gross salary plus social contributions paid by the employer i.e. total cost of having the employee in the company).
PLN 2,156.72	PLN 3,000	PLN 3,618.30

The state specifies the minimum remuneration for work. In 2012, the minimum monthly remuneration amounts to PLN 1,500 gross. However in the first year of work the minimum remuneration amounts to PLN 1.200 (80% of PLN 1.500). In addition to the regular remuneration, the employer is obliged to pay bonuses for overtime work according to the rules specified in the Labour Code.

The average gross monthly salary in Poland reached PLN 3,399.52 on the general level (e.g. including commercial and public sector) and PLN 3,366.41 gross in the sector of enterprises (data as of January 2012).

The wage levels vary depending on sector and the company's geographical location. According to the data of the National Statistical Office, the highest salary levels were paid in the sector of information and communication with an average level of PLN 6,486.47 gross. The best paid region is Mazowieckie with an average level of PLN 4,532 gross.

Please see the average salary levels according to sectors in Q1-Q3 2011 based on the National Statistical Office data beside:

Sector	Average monthly gross salary in PLN (Q1-3 2011)
Information and communication	6,486.47
Electricity, gas, steam and air conditioning supply	5,468.58
Manufacture of coke and refined petroleum products	6,996.31
Pharmacy	5,286.96
Tobacco production	5,575.60
Accommodation and catering	2,479.01
Textile production	2,416.64
Administrative and support service activities	2,304.09
Leather production	2,136.80
Clothes production	1,909.23
Average in industry	4,124.27

4. Working Hours

As a general rule working hours must not exceed 8 hours per day and an average of 40 hours per 5-day working week within an adopted account period not exceeding 4 months. Overtime work must not exceed 4 hours per day and 150 hours per year. If it is justified by the type of work or organisation thereof, work schedules may be applied by which it is admissible to extend the working time with the limits specified by the labour law.



5 . Employees' Vacation Leaves

An employee is entitled to an annual, continuous, paid vacation leave. The employee's right to the leave may not be renounced. According to the Labour Code the minimum period of annual leave is 20 working days. After 10 years of work the employee is entitled to a leave lasting 26 working days. The employee is entitled to regular salary for the period of leave.

6. Retirement

Employees from 60 years (women) and 65 years (men) with some exceptions are entitled to retirement. Recently the Polish Parliament has decided to increase the retirement age for men and women to 67 years. Pursuant to the new law the retirement age will be increased by three months every year starting from 2013. This means that men will reach the target retirement age of 67 years in 2020 and women in 2040. The new law is yet to be signed by the President of the Republic of Poland to make it binding.

7. Compulsory Insurance Rates

In principle, the gross remuneration of the employee constitutes the basis for calculating the amount of premiums for the pension, annuity insurance as well as sickness and accident insurance. The amounts of premiums are deducted partly from the gross remuneration of the employee. The rest of the premiums shall be covered by the employer from the employer's own means.

Another compulsory insurance is the premium to the National Health Fund [Narodowy Fundusz Zdrowia]. This whole premium burdens employees.

There are three more obligatory premiums paid by the employer namely: Labour Fund, Guaranteed Employees' Benefits Fund and Early Retirement Fund.

TAXATION

1. Income Taxation of Companies

The scope of taxation depends on the status of the taxpayer: resident or non-resident. In other words the Polish tax law provides the rule of unlimited and limited tax liability. The unlimited tax obligation means that companies, which have their registered seat or place of management in Poland are liable to Polish corporate income tax on worldwide income. Limited tax liability on the other hand means that a taxpayer who does not have its seat or management in Poland pays tax levied only on the income earned within Polish territory.

Corporate Income Tax Rate

The rate of income tax for companies in the year 2012 amounts to **19%**. Corporate tax is payable annually, however advance payments have to be made each month.

Double Taxation Conventions and Certificate of Residence

In order to avoid double taxation of income, Poland and Denmark have concluded a double taxation convention. Polish entities making payments to Danish persons in the form of interest, dividends and other income from a share in profits of legal persons are deemed tax remitters and are obliged to collect withholding tax on the date when such payments are made. However, it is possible to apply a reduced rate or waive the tax if a double taxation treaty concluded by Poland and Denmark provides so. In such case, it is necessary to document the tax residence of the beneficiary of the payment (with a certificate of residence). The certificate of residence is a document used for tax purposes to certify that the tax residence of a foreign person is in a country with which Poland has concluded a tax treaty.

2. Taxation of Income of Individuals

Personal Income Tax Rates

As a general rule, revenue of any person (foreign or domestic) is subject to two taxation rates: 18% and 32% depending on the amount of income (progressive scale). Revenues up to PLN 3,091 per year are tax free.

Incomes:	Tax amount:
up to 3,091	no tax
up to 85,528	18% of the taxation base minus PLN 556.02
over 85,528	PLN 14,839.02 plus 32% of the surplus over PLN 85,528

Persons who conduct any non-agricultural economic activity (but not on the basis of a management contract) may choose either the above presented standard progressive scale or a lump-sum rate of **19%**.

Taxation of Foreigners

The place of residence determines the tax liability. Persons having their place of residence in Poland are obligated to pay tax on their overall income; persons not having their place of residence in Poland are obligated to pay tax on income earned or arising from the source in Poland only. The above provisions apply unless the provisions of international agreements provide otherwise. Pursuant to the Polish tax provisions a resident is:

- a person whose centre of personal or economic interests is located in Poland, or
- a person who stays in Poland for more than 183 days in a year.

3. Other Taxes

VAT and Excise Duty

Rates of VAT in Poland:

- standard rate: 23%, (applicable to the majority of goods and services),
- reduced rates: 8% and 5%,
- preferential rate: 0%.

In Poland among the goods subject to excise duty are motor fuels, gas, alcohol and tobacco products, weapons, electricity, boats, and yachts.

Local Taxes

Local taxes include real estate tax, transportation tax imposed on trucks and buses, inheritance and donations tax, agricultural tax, forestry tax, dog tax. Local taxes are a part of own revenues of local governments.



ACCOUNTING AND AUDITING

A company should keep its accounts in accordance with the Law on Accounting.

The provisions of the Polish Law on Accounting are applicable, among others, to:

- commercial companies,
- partnerships and physical persons (if their net revenue for the last year amounted to at least EUR 1,200,000) and
- foreign persons, branch offices and representative offices of foreign entrepreneurs.

Account books have to be kept at the seat of the company (head office or branch) unless accounting is entrusted to a person authorised to perform such services. Accounting records should be kept and financial statements drawn up in Polish and expressed in the Polish currency.

The management board of the company should assure that the financial report of the company for the preceding financial year is prepared within three months from the end of financial year and presented to the supervisory authorities and shareholders. Generally, the annual financial statement shall be approved by the approving body not later than six months after the balance sheet date. The financial year means a calendar year or another period of 12 consecutive full calendar months, which is used also for tax purposes.

The financial report including the financial statement, profit and loss account and the written report of the management board regarding the company's activity within the preceding year should be submitted to the Registration Court within 15 days after approving of all these documents by the Shareholders' Meeting.

Moreover, some companies are required to be audited. According to the Law on Accounting, financial statements of the following entities are subject to audit:

- all banks, insurance companies, investment and pension funds,
- all joint-stock companies,
- entities which fulfil at least two of the following conditions in the preceding financial year:
 - annual average employment - 50 persons,
 - total assets at the end of the financial year - EUR 2,5 mln,
 - net sales revenue as well as financial income for the financial year - EUR 5 mln,
- other listed companies.

Members of the management board of a limited liability and a joint-stock company are responsible for proper keeping of the company's accounts.

CONTRACTS

1. Entering into Contracts in Poland

Some formalities may be connected with entering into contracts in Poland. For instance, certain transactions have to be made in the form of a notarial deed, e.g. purchasing real estate or with signatures confirmed by a notary, e.g. transfer of shares in a limited liability company.

it is often advisable to verify whether persons claiming to represent an entrepreneur are actually authorised to do so.

2. Obligation to Use Polish Language

The law imposes the obligation to use the Polish language in the following situations:

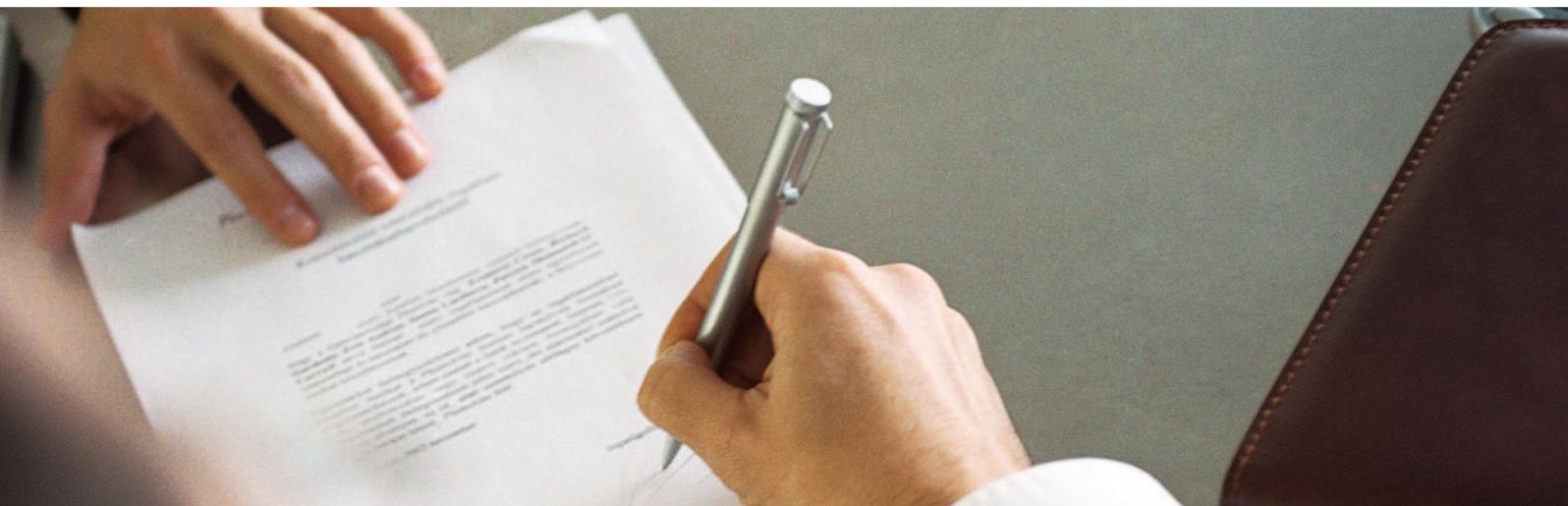
- relations with the Polish state and local government authorities,
- relations and contracts in the field of labour law as well as consumer contracts with some exceptions where a contract may be in a foreign language.

It concerns in particular names of goods and services, offers, advertisements, manuals, information on characteristics of goods and services, warranty terms, invoices, bills and receipts as well as warnings and information for consumers required by virtue of other provisions, instruction manuals, and information on features of goods and services.

Additionally, non-observance of the provisions of law with respect to relations with consumers as well as in the field of labour law may consequently result in a fine.

3. Venue and Governing Law

As a general rule when conducting international business it is very important to agree on the law that will govern the contract as well as on the court that will be relevant in case of a dispute.



LEGAL PROFESSIONALS

Legal assistance in Poland is provided by attorneys at law [adwokat] and legal advisors [radca prawny]. The attorney at law may advise in any field of law and may appear in court in all types of cases. The legal advisor, except when acting as a defence counsel in criminal or fiscal penal proceedings, may also appear in court in all types of cases and can advise in any field of law.

Notary [notariusz] is the third category of legal professionals in Poland. Polish law provides that some of the acts in law have to be carried out in the presence of a notary who will draw up the title and handle all the paperwork involved in the transaction, in particular:

- real estate transactions,
- donations,
- establishing perpetual usufructuary rights,
- preparing and signing the Deed of Incorporation of a company.

The notary may also make legal duplicate of a document or draw up a will.

A bailiff [komornik] is authorised to enforce decisions of courts.

In order to verify whether a person is authorized to practice law it is advisable to check with the local chamber of attorneys at law, legal advisors, notaries, or bailiffs.

PUBLIC PROCUREMENT AND PPP

1. Public Procurement

Public procurement is a form of purchasing goods and services by public sector bodies and other relevant persons obliged to apply the public procurement rules.

The main goals of the Polish public procurement law were to open the public procurement market to competition, to create equal terms of competition for all contractors, to liquidate bureaucratic barriers and to limit corruption. Polish provisions are adjusted to EU regulations. The act on public procurement law generally applies when three main pre-conditions are met:

- the procuring body is a „contracting party“ as defined in the law
- the subject of the contract is covered by the public procurement law
- the estimated value of the contract equals or exceeds the relevant financial threshold.

In general, Danish persons have a right to participate in public procurement procedures in Poland under the same terms and conditions as Polish persons.

According to Public Procurement Office data, the Polish public procurement market is worth approx. PLN 167 billion 2010 on annual basis. The amount increased by 31.8% in comparison with 2009. Out of this number, 56% of the funds were allocated to construction work contracts, 21% to services and 23% to supply contracts. In recent years, the market has been heavily fuelled by EU funds.



There are several procedures for awarding public contracts:

- open tender
- restricted tender
- competitive dialog
- negotiations with announcement
- negotiations without announcement
- free-hand procurement
- inquiry for price
- online auction.

The vast majority of contracts is awarded in an open tender procedure, which applies to over 75.99% of all contract notices published in the Public Procurement Bulletin and to 82.23% of the ones published in the Supplement to the Official Journal of the European Union (TED database).

The other most often used procedures are: restricted tendering, competitive dialog and negotiations with announcement, which together account for 17.62% of contract notices published in the Public Procurement Bulletin.

Depending on the subject of the contract, its value and type of the contract award, notices on public procurement procedures are published in the Public Procurement Bulletin (<http://www.portal.uzp.gov.pl/>) or the Supplement to the Official Journal of the European Union (<http://ted.europa.eu/>). Furthermore, in case of some procurement procedures the awarding entity is obliged to place the notices in its office and website.

The Public Procurement Law stipulates that all contract award procedures should be conducted in Polish.

2. Public-Private Partnership (PPP)

PPP is a form of economic cooperation of public and private sector well-known in the world.

Poland like other European states has built its own system of public-private partnership which defines terms and conditions of cooperation between public and private entities.

In Poland, PPP may be applied in case of construction or renovation of structures, services, carrying out works - particularly consisting in equipping an asset with devices which increase its value or usefulness, or performance of other activities. For the purpose of performing contract obligations, the public entity and the private partner may establish a capital company, a limited partnership or a limited joint-stock partnership. The aim and subject of business activity of such a company cannot exceed the range of the PPP contract.

According to Investment Support public entities announced 42 projects that were to be implemented with private partners in 2011. These projects were mainly within the fields of sport and recreation, urban infrastructure, waste, parking and education.

BUSINESS CULTURE

In general, the business culture in Poland and Denmark does not differ a lot and Danish and Polish mentalities are normally a good match. However some differences exist and it is still relevant to consider and take them into account. Individual experiences vary a lot depending on specific situations and contexts and it is obvious that observations may differ depending on sector, geography/region, age and similar.

It should be noted that many Polish companies especially those located in bigger cities operate on the basis of global and international standards. In most cases their business culture does not differ from Danish approaches. Some differences become more visible in the case of companies located in smaller cities and operating in the production area.

The most often encountered differences to be taken into account are mainly related to:

- power distance and type of communication,
- type of leadership and responsibility sharing,
- approach to social undertakings and in-group collectivism,
- future orientation,
- planning and handling multiple tasks,
- approach to risk,
- ability to work in uncertain environment,
- motivation factors.

Various specific examples and findings have been collected and analysed by the Embassy and Peter Nielsen & Partners Law Office and can be shared on request (for the Embassy analysis please contact: Izabela Jakobsen, e-mail: izajak@um.dk).



MAP OF POLAND WITH MAIN ROADS



10 largest agglomerations:

1. Katowice – 5.211.000
2. Warszawa – 2.785.000
3. Krakow – 1.236.000
4. Lodz – 1.165.000
5. Gdansk/Gdynia/Sopot – 993.000
6. Poznan – 919.000
7. Wroclaw – 861.000
8. Szczecin – 610.000
9. Bydgoszcz – 485.000
10. Lublin – 451.000

	Poland	Denmark
Total population	38.4 million	5.5 million
Land area	312,679 sq. km	42,894 sq. km

CONTACTS

EMBASSY OF DENMARK

THE TRADE COUNCIL • EKSPORTRÅDET

Embassy of Denmark - the Trade Council

The Trade Council - represented in Warsaw by the Commercial Department of the Embassy is the export and investment organisation within the Danish Ministry of Foreign Affairs. It comprises all activities to promote Danish export and foreign investments in Denmark under one roof. The Trade Council offers individual consultancy to enterprises as well as general business services directed both at enterprises and the public at large. The Trade Council has a number of programmes with particular focus on small and medium sized enterprises. The Trade Council has a global presence of about 250 advisers attached to Embassies, Trade Commissions, Consulates General and Innovation Centres in the most important markets in more than 60 countries. Services in Poland are provided by an experienced team of Polish and Danish experts specializing in the fields of energy and environment, construction and logistics, IT, retail, fashion and design, medico, industry, HR, food and agriculture and support mechanisms (EU funds).

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Peter Nielsen & Partners Law Office

Peter Nielsen & Partners Law Office is a modern Danish-Polish law firm having its seat in Warsaw, Poland; since its establishment in 1990 it has gained market recognition as a reliable and efficient adviser. During the period of over 20 years the law firm has introduced a significant number of foreign investors to the Polish market and still serves many of them. Its lawyers find practical solutions for clients within many areas of legal practice. The law firm undertakes to provide highly specialised legal assistance within: real estate market/construction law, foreign investments, mergers and acquisitions, labour law/HR, energy and environmental law, litigation and dispute resolution, insolvency and debt collection, commercial law, tax law as well as corporate law. For more information, please, visit the website www.pnplaw.pl

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