

# Key differences between Polish and German LLCs

#germandesk

Did you know that Poland's GDP has doubled in the last 20 years, establishing it as a dynamic EU economy and a gateway to multiple markets? Additionally, Germany's €500 billion investment package is driving infrastructure development, digital modernization, green transformation and defense initiatives. However, many businesses overlook local legal nuances when expanding internationally. Understanding the differences between Polish and German LLCs can be crucial for your success.

When expanding your business across borders, it is essential to grasp the legal landscape in each market. This overview outlines the key differences between Polish and German laws that may affect your company's operations, contracts, employment practices, and compliance obligations. By recognizing these discrepancies, you can better anticipate challenges and make informed decisions as you enter a neighboring market.

## Area: Corporate law

Issue	Germany	Poland
Capital requirements	High minimum share capital (at least EUR 25,000).	Low minimum share capital (at least PLN 5,000).
Notarization	Notarization is mandatory for any GmbH formation; online formation is possible but requires notarial involvement.	Company may be established in a simplified form (so-called "S24"), without involving a notary.
Single-shareholder company	A GmbH can be formed by a single shareholder, even if that shareholder is another single-shareholder company.	Company cannot be established by a single shareholder being a single-owner LLC.
Proxies	Employees and board members can generally act as proxies of shareholders on shareholders' meetings.	Employees and board members cannot act as proxies of shareholders on shareholders' meetings.
Chambers of commerce	Mandatory membership in the IHK (Industrie - und Handelskammer) in addition to commercial register registration.	Registration in commercial register only, no obligatory chambers of commerce.



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## Area: Contracts

Issue	Germany	Poland
Transfer of ownership	First, the parties agree to buy and sell (contract), and only with a second, separate step (transfer), the ownership actually changes.	Sale contract has dual effect (automatically transfers ownership if not agreed otherwise).
Power of attorney	The form of power of attorney does not always have to match the legal act, except where notarization is required.	As a rule, power of attorney to conclude a contract must be in the same (or higher) form as the legal act.
Sale of shares	A notarial deed is required; the notary verifies the entire document and the parties' identities.	Notary verifies only identity and capacity of signatories – content of the share purchase agreement is not verified.

## Area: Employment

Issue	Germany	Poland
Labor code	German employment law is fragmented across various statutes.	Polish employment law unified in labor code, although some employment regulations are included in separate acts.
Probation period	Up to six months.	Probation period of up to three months only.
Employee participation in supervisory board	Employees may have mandatory representation on supervisory boards in larger companies (Mitbestimmung).	No obligatory participation of employees in supervisory boards.
Notice periods	Four weeks to seven months, depending on tenure.	Notice periods: two weeks to three months depending on tenure.

## Area: Annual compliance

Issue	Germany	Poland
Financial statement deadline	Preparation deadlines depend on company size and type; generally, within three to six months after year-end.	Uniform deadline of three months since end of financial year to prepare a financial statement.
Signing financial statements	All managing directors must sign the financial statements by hand. Alternatively, a qualified electronic signature is permitted and is legally equivalent to a handwritten signature for the original document. Electronic filing is mandatory for submission.	Financial statements have to be signed by all board members with qualified electronic signatures (simple written form not allowed).
Retention period	The retention period for accounting documents in Germany depends on the type of document. Most accounting records, such as ledgers, annual financial statements, and invoices must be stored for 10 years; however, business correspondence and certain other documents only need to be retained for six years.	Accounting documents to be stored for at least five years.
UBO submission	Representation by power of attorney is possible, but the power of attorney must be in written form and, in some cases, may need to be presented to the register authority.	The UBO form cannot be signed based on the power of attorney – persons authorized to represent the company are solely empowered.
E-deliveries	There is no general obligation for all companies, but electronic communication with authorities is increasing.	Obligatory electronic mailboxes for all entrepreneurs, with e-deliveries as a mandatory system handling correspondence with authorities.

## Area: Taxes

Issue	Germany	Poland
	<p><b>Corporate income tax:</b> 15% plus solidarity surcharge (5.5% of tax), plus trade tax (Gewerbesteuer), which varies by municipality (approx. 14%-17%).</p> <p><b>VAT:</b> Standard rate 19%, reduced rate 7%.</p> <p><b>Withholding tax:</b> 25% on dividends, reduced by double tax treaties.</p>	<p><b>Corporate income tax:</b></p> <ul style="list-style-type: none"> <li>Standard rate of 19%.</li> <li>Reduced rate: 9% for small taxpayers and startups (with revenue &lt; EUR 2 million).</li> <li>Proposed increased CIT of rate: 30%/13% as of 2026 for certain financial institutions.</li> </ul>

**Transfer pricing:** Arm's length principle applies; documentation requirements are strict.

**Tax compliance:** Annual tax returns required; advance payments for corporate and trade tax.

**VAT:** Standard rate of 23%, reduced rates of 8%, 5%, 0%.

**Withholding tax:** 19% on dividends, 20% for interest, royalties and certain intangible services, reduced by double tax treaties and local provisions. Passive payments over approx. EUR 430,000 per year are subject to pay-and-refund regime, with some exceptions.

**Transfer pricing:** Arm's length principle applies; focus on review of intra-group arrangements was announced; documentation requirements (local/master file) as well as yearly TP return.

**Tax compliance:** Annual tax return required; advance payments for corporate tax (calculated using a general or simplified method).

Identification number	Tax identification number is not granted automatically; separate application required.	Tax identification number is granted automatically (no separate application needed).
Tax reliefs	<p><b>R&amp;D Tax Credit (Forschungszulage):</b></p> <ul style="list-style-type: none"> <li>Tax incentive for research and development via the R&amp;D tax credit.</li> <li>Eligible base: Up to EUR 12 million per year from 2026.</li> <li>Maximum annual tax bonus: EUR 3 million (or EUR 4.2 million for SMEs).</li> <li>Funding rate: 25% of eligible expenses, plus a 20% supplement for overhead and other operating costs.</li> <li>Available for in-house and contract research.</li> <li>Application: After the end of the fiscal year at the relevant tax office.</li> <li>The credit is paid out regardless of tax liability (also in case of losses).</li> </ul> <p><b>Climate Investment Premium:</b></p> <ul style="list-style-type: none"> <li>Up to 15% premium for investments in climate-friendly assets (2024-27), max. EUR 30 million.</li> </ul> <p><b>Special Depreciation:</b></p> <ul style="list-style-type: none"> <li>For movable assets and electric vehicles: Up to 30% declining balance depreciation (2025-27), for EVs up to 75% in the first year.</li> </ul> <p><b>Loss Carryforward/Carryback:</b></p> <ul style="list-style-type: none"> <li>Extended carryforward and carryback periods (up to three years, higher amounts).</li> </ul> <p><b>IP Box:</b> Germany does not offer a dedicated IP Box regime like Poland.</p>	<p><b>R&amp;D Relief</b></p> <ul style="list-style-type: none"> <li><b>Super deduction:</b> Up to 200% of eligible R&amp;D costs from CIT base.</li> <li><b>Retroactive claims:</b> Possible for up to five years back.</li> </ul> <p><b>Innovative employees relief:</b></p> <ul style="list-style-type: none"> <li>If CIT is fully offset by R&amp;D relief, R&amp;D credit can reduce payroll tax to be withheld by the company.</li> </ul> <p><b>IP Box</b></p> <ul style="list-style-type: none"> <li>5% CIT rate on qualified IP income (including sale of IP).</li> <li>Can be combined with R&amp;D relief for same activity.</li> </ul> <p><b>Polish Investment Zone</b></p> <ul style="list-style-type: none"> <li>Exemption from CIT on income generated on a new investment.</li> </ul> <p><b>Cash grants offered by Polish government for i.a.:</b></p> <ul style="list-style-type: none"> <li>Job creation and investments.</li> <li>Grants for ecology/energy saving investments.</li> </ul>

## Make the right choice for your business.

Whether you're expanding to Poland or Germany, understanding the legal, tax, and employment landscape is key to success. Contact our team for tailored guidance and support in establishing or optimizing your company structure.

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