

Setting up a business in Poland

Are you ready for establishing
a business presence in the
Polish market?

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Why Poland is an attractive destination for investors

1

A stable market and availability of workforce

Poland is a country with steady economic growth, relatively low labor costs, and access to skilled talent. For these reasons, it consistently ranks highly among destinations that attract investors.

2

Access to sources of finance and public funds

Entrepreneurs planning investments in Poland can claim attractive funding provided by public institutions such as the Polish Development Fund (PFR) and the Polish Agency for Enterprise Development (PARP). These funds may be allocated for innovation (new business models), new technologies, start-ups, and similar projects.

3

A comprehensive system of tax incentives and preferential tax rules

Polish tax law offers multiple tax reliefs, including:

- IP Box relief (a preferential 5% tax rate on income from qualifying intellectual property rights)
- R&D tax relief (a deduction of up to 200% of payroll costs incurred)
- Other innovation boosters, such as prototype relief, relief for innovative employees, and robotization relief
- 50% tax-deductible costs for selected creative activities
- Income tax exemptions in the Polish Investment Zone (PSI)

What you need to know before you start a business

If a foreign enterprise carries on or plans to carry on operations in Poland on a permanent and organized basis to generate profits, it must take the necessary steps to legalize the contemplated business.

Establishing a business presence in Poland in the form of a company or branch requires:

- Compliance with general registration requirements
- Identifying applicable tax obligations
- Determining the tax regime to claim available tax reliefs

When planning business operations in Poland, entrepreneurs should also consider the following:

- Compliance with ongoing legal, tax and statutory reporting obligations, including the signing and filing of financial statements and other required documents
- The digital transformation of tax compliance duties, including the mandatory e-invoicing process
- The requirement to file accounts in electronic form
- The obligation to submit monthly VAT returns

Why the right company formation agenda is essential before starting a business in Poland

Today, many foreign investors carry on operations in Poland without formal registration, which is a breach of law. Failing a proper structuring of the business at the initial stage, entrepreneurs may face adverse consequences, including:

- Disputes with tax authorities
- The obligation to file corrected tax returns
- The liability to pay tax arrears along with late payment interest

Key issues on the agenda



Registration

Registration of a new business in Poland requires a thorough understanding of local rules and the practical approach of registration authorities to ensure a smooth and safe process.



Knowledge of prevailing local practices

Understanding local practices helps avoid delays in administrative procedures and the resulting impact on business operations.



Digital transformation of reporting duties

With the digital transformation of the compliance system in Poland, any inaccuracies in business metrics are readily detectable by tax authorities, which may prompt tax checks and penalties.



Accuracy of tax accounts

Robust tax compliance while the business continues requires legal, regulatory and tax expertise, as well as adequate technological and human resources. With the risk of inconsistencies between the data provided within various frameworks (KSeF, JPK_CIT, JPK_VAT, and R-C reporting) and the accounts, this area is frequently handled in an outsourcing model.



Choice of business structure

Selecting the appropriate form of business operations in Poland (a limited liability company or branch) at the outset is critical. This decision affects the ability to optimally use available benefits, the scope of administrative duties, and the specific of a given industry, including the tax regime.



Post-formation operations and compliance

Once the business is set up, knowledge of its operational structure and business objects is essential to ensuring legal and tax compliance. An outsourcing model is a common option in this case, as it helps companies focus on business growth rather than routine compliance tasks.

A limited liability company or branch?

Choosing an adequate business structure in Poland

When planning business activities and selecting the adequate business structure, it is essential to consider all obligations, risks, and requirements associated with each type. In Poland, various business structures are available to choose from; consult the sections to follow to learn more about the most popular options.

Category	Corporation (mainly a limited liability company or joint-stock company)	Branch
Setup/formation	▪ Separate legal personality ▪ Liability of shareholder(s) limited to the amount of equity contributions ▪ Minimum share capital: ▪ PLN 5,000 (approx. EUR 1,100) for a limited liability company (Sp. z o.o.) ▪ PLN 100,000 for a joint-stock company (S.A.) ▪ Contributions to share capital may be either in cash or in kind ▪ Represented by a Management Board (with one or more members) ▪ The business name may be freely chosen ▪ The business object may be chosen freely ▪ May hire personnel ▪ A corporation's obligations are defined by law	▪ No separate legal personality ▪ Unlimited liability of the head office for the branch's obligations (liability of the parent company's shareholders in line with the law applicable to the parent entity) ▪ No minimum share capital requirement ▪ Represented by branch representatives appointed (one or more), and in certain cases by members of the parent company's Management Board ▪ The name must reflect the name of the parent company ▪ The business object cannot go beyond that of the head office ▪ May hire personnel ▪ Accounting and compliance rules impacting branches determined by tax authorities' prevailing practices and positions
Registration/liquidation process	▪ Registration and start of operations take approx. 6-8 weeks. ▪ Liquidation takes at least 7-8 months.	▪ Registration and start of operations take approx. 4-6 weeks. ▪ Simplified liquidation (closure) takes approx. 2-3 months.
Statutory reporting duties	▪ Required to prepare and file annual financial statements within statutory deadlines ▪ Mandatory reports to be filed with the National Statistics Office (GUS)/ National Bank of Poland (NBP) if certain thresholds are exceeded or for specified types of business operations	
		▪ A branch may prepare its financial statements in accordance with IFRS, provided that the parent company prepares its consolidated financial statements in line with IFRS.

A limited liability company or branch?

A brief comparison of business structures in Poland

Category	A limited liability company (Sp. z o.o.)	Branch
Accounting records	Full local accounting records to be kept	
VAT compliance	▪ Mandatory registration for VAT purposes ▪ JPK_VAT reports to be filed (whether nil or those with transactions shown) ▪ Obligatory e-invoicing	
Corporate income tax (CIT) compliance	▪ Obligation to calculate monthly CIT payments ▪ Obligation to file annual CIT returns and calculate the tax due ▪ Obligation to pay minimum tax if there is a tax loss or low profitability, unless exemptions apply ▪ Mandatory JPK_CIT reporting (electronic accounts) ▪ Obligation to properly allocate revenues and costs to the Polish entity	
Electronic signatures and PESEL numbers for Management Board members	▪ Management Board members must obtain a qualified electronic signature to sign UBO filings as well as to sign and file financial statements. ▪ Management Board members must obtain a PESEL number to file financial statements with the registry court (statutory requirement). ▪ An electronic signature is necessary for granting powers of attorney required for compliance purposes.	
Electronic (e-service) mailbox	▪ Requirement to obtain a mandatory e-service mailbox for communication with public administration authorities	
Payroll and HR	▪ Mandatory registration with the Social Security Office (ZUS) when employing staff ▪ Obligation to comply with Polish labor law	
Withholding tax (WHT) compliance	▪ Requirement to verify payments made to foreign contractors ▪ Obligation to exercise due diligence when assessing eligibility for the WHT exemption or reduced rates ▪ Stricter requirements applicable for dividends, interest, and royalties ("pay & refund" mechanism)	
Intra-group services	▪ Documents showing the actual supply of services required ▪ Services must be provided in line with the arm's length principle ▪ Analysis of related WHT and transfer pricing () obligations	
Tax incentives		▪ Verification is required to ensure that the head office does not report the branch's costs for the purpose of its CIT assessment.

How EY support companies entering the Polish market

We have extensive experience in helping entrepreneurs establish their business presence in Poland in various forms and deliver the entire process end to end – from the planning stage to the launch of operations.

We advise clients on how to navigate the complex legal, tax, and operational landscape when they are setting up a business in Poland, ensuring compliance with local rules while considering key business priorities.

Our support is delivered through **a four-pillar approach that enables efficient planning and successful implementation of business operations in Poland** – whether in the form of a company or branch.

Legal and registration services

Completion of registration documents for tax and legal purposes along with support throughout the business registration process, including the opening of a bank account in Poland as well as assistance in obtaining a PESEL number and setting up an e-delivery mailbox.

Business setup and ad hoc consultations

Analysis of the business model and organizational needs to select the optimal business structure in Poland (a limited liability company or branch).

FOUR PILLARS

Accounting, tax, and reporting duties

Implementation of accounting and tax processes along with support to help fulfill reporting obligations, including National e-Invoicing System (KSeF) and JPK_CIT reporting agendas.

Payroll, immigration, and labor law

Payroll services, immigration support, and assistance to ensure compliance with the requirements of labor law.



Connect with us

If you plan to set up a business in Poland or are preparing to enter the market, feel free to connect with EY experts. We will be pleased to answer any questions, help design key issues on your agenda, and discuss an action plan aligned with the specific of your business.



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