

Legal forms of carrying out business in Poland

The Law Office RGW
Rocławski Graczyk i Wspólnicy Adwokacka
Spółka komandytowa (limited partnership)

Legal acts

- The principal legal act governing business activity in Poland is the **Economic Freedom Act of 2 July 2004**. It regulates undertaking, running and closing businesses on the territory of Poland;
- The fundamental aspects of establishment, activity and dissolution of companies are governed by the **Commercial Companies Code of 15 September 2000**.

General rules

- Foreign entities from European Union Member States and from Member States of the European Free Trade Agreement (EFTA) – parties to the Agreement on the European Economic Area enjoy all legal forms of business operation on the same principles as Polish entities (e.g. individual economic activity, partnerships, companies);
- The same rules also apply to foreigners living outside the EEA who obtained a permit to settle on the territory of the Republic of Poland, a tolerated stay permit or refugee status granted by the Republic of Poland or enjoy temporary protection within this territory;
- Other foreign entities are allowed to establish business in forms of limited partnership, limited joint-stock partnership, limited liability company and joint-stock company.

Forms of business organisation

Polish regulations allow the following legal forms of businesses:

- Entry in the Business Activity Register;
- Civil Partnership;
- Registered Partnership;
- Professional Partnership;
- Limited Partnership;
- Limited Join-Stock Partnership;
- Limited Liability Company;
- Join-Stock Company;
- Branch Office;
- Representative Office.

Entry in the Business Activity Register

- Operation of a small business by an individual;
- An individual is referred to as an entrepreneur;
- The entrepreneur is liable for his or her debts and obligations with his or her entire property;
- Entry in the Business Activity Register maintained by the head of a commune, the mayor of a town or the president of a city.

Civil Partnership

- Must be established by at least two natural or legal persons or organisational unit without legal personality which was granted a legal capacity on the basis of a specified act;
- It is the partners, not the partnership itself, who are the operator. A civil partnership is set up according to the general principles of the Civil Law;
- Each partner is jointly liable for the debts and obligations of the partnership without limit to the extent of his or her entire property;
- The entrepreneurs should previously register in the Business Activity Register (each of them individually) and subsequently conclude a civil partnership agreement in writing;
- Each partner has right to represent a company.

Registered Partnership

- Registered partnership possess a legal capacity and may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued;
- Each partner is liable without limitation, for the debts and obligations of the partnership, jointly with other partners and the partnership, to the extent of his or her entire property (subsidiary liability of the partner);
- 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;
- Each partner has right to represent a company. Registered partnership may also be represented by a proxy.

Professional Partnership

- Established for the purpose of pursuing a profession in the form of a partnership, which conducts business under its own business name;
- Registered partnership possess a legal capacity and may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued;
- A partner is not liable for the debts and obligations of the partnership incurred by the pursuit of a 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 must be executed in writing, whereupon the partnership should be entered into the National Court Register;
- Each partner has right to represent a company, unless deed of partnership states otherwise. In a professional partnership Management Board may be optionally appointed. Professional partnership may be represented by a proxy.

Limited Partnership

- Personal partnership. Limited partnership possess a legal capacity and may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued;
- 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 has a limited liability;
- The statutes of the partnership should be executed in a notarised form and signed by all general partners, whereupon the partnership should be entered into the National Court Register;
- A partnership shall be represented by the general partners who were not deprived of the right to represent the partnership under the partnership deed or by valid court decision. A limited partner may represent the partnership only in the capacity of attorney. Partnership may be also represented by a proxy.

Limited Joint-Stock Partnership

- Personal partnership - may in its own name acquire rights, including ownership of immovable property and other rights in rem, incur obligations, sue and be sued;
- 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 shareholder is not liable for debts and obligations of a partnership;
- The deeds of the partnership should be executed in a notarised form and signed by all general partners, whereupon the partnership should be entered into the National Court Register;
- Limited joint-stock partnership shall be represented by the general partners who were not deprived of the right to represent the partnership under the partnership deed or by valid court decision. A shareholder may represent the partnership only in the capacity of attorney. Limited joint-stock partnership may be also represented by a proxy.

Limited Liability Company

- May be established by one or more individuals or legal persons or legal persons or organisational unit without legal personality which was granted a legal capacity on the basis of a specified act (for example partnerships). However, it may not be established solely by another single-member limited liability company;
- Minimum capital - 5,000 PLN;
- A limited liability company is a legal entity;
- The Company is liable for its debts and obligations with its whole property without any limitations;
- The shareholders are not liable for the company's obligations,
- Superior authority of a company is Shareholders Meeting. Company is represented by a Management Board (consisting at least of one person)

Joint-Stock Company

- Minimum capital - 100,000 PLN;
- A joint-stock company is a legal entity;
- The Company is liable for its debts and obligations with its whole property without any limitations. The shareholders are not liable for the company's obligations, they bear a risk up to the value of shares taken up;
- Superior authority of a company is General Assembly. Joint-stock company is represented by a Management Board (consisting of at least one person) according to principles laid down in company's statute. In a joint-stock company, Supervisory Board must be obligatorily appointed. Joint-stock company may also be represented by a proxy.

Branch Office

- Foreign companies intending to set up a branch in Poland are treated in the same manner as Polish companies;
- The only formal requirement is that the branch must be registered in the National Court Registry;
- Branches do not have a separate legal personality distinguishing them from their foreign parent company;
- A branch may not conduct any economic activity beyond the scope of its parent company;

Representative Office

- Foreign companies may establish their own representative offices in Poland solely in order to promote and advertise the company establishing the office;
- Establishment of a representative office requires registration in the Register of Representative Offices of Foreign Business Entities kept by the Minister of Economy;
- Any documents in a foreign language must be accompanied by a certified Polish translation;
- Representative offices must use the name of the mother company in a language of the country where it is registered, along with the name of its legal form translated into Polish and the words "przedstawicielstwo w Polsce" (representative office in Poland) added;

Piotr R. Graczyk, Advocate

- Piotr R. Graczyk is an advocate. He is qualified to act as a substitute in court proceedings before all courts in Poland. He is an expert in the area of the procedural law, including arbitration. He has a long-standing experience in legal consultancy for corporate Clients.
- Professional experience of Mr. Graczyk is focussed mainly on issues connected with broadly understood business law, primarily including commercial companies law. Moreover, Mr. Graczyk is involved in complex transactions, such as mergers and those falling within the scope of antitrust legislation, including proceedings before the Office for Protection of Competition and Consumers.
- He advises and represents Clients in projects involving funding of business ventures, including those relating to investments of restructuring nature, mergers and acquisitions, and investments in commercial real estate.
- Mr. Graczyk's experience in the area of commercial companies law includes preparing articles of association, bylaws, shareholder meetings as well as giving opinion on joint-venture projects, including those involving transfer of new technologies.
- Piotr R. Graczyk is a graduate of the Law Faculty of Warsaw University (summa cum laude), American Law Studies at the University of Florida, G. Lewin College of Law USA, scholarship holder of DAAD Deutscher Akademischer Austauschdienst - Universität Saarbrücken, Germany, member of the Łódź Bar Association.

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