

An aerial, black and white photograph of a city skyline. A prominent, tall, modern skyscraper with a unique, angular top is the central focus on the right side. The rest of the city is filled with various other buildings, some with curved facades, and a dense urban layout. The sky is overcast with soft, diffused light.

KASVUA PUOLASTA?

4.4.2019 HELSINKI

TUOMAS ASUNMAA

Why Poland?

- **Poland is the growth engine of Baltic Sea area**
 - GDP growth 5% in 2018, fc 2019 bit less
 - Unemployment has cut into half during last 5y
- **Location, location, location**
 - Germany being most important trade partner (28% of exports)
 - Poland is logistic & manufacturing hub of Europe
- **Big domestic market, near 39m inhabitants**
 - As big as Baltics, Czechia, Slovakia, Hungary and Bulgaria alltogether
- Poland is estimated to be one of the strongest growth economies in Europe during next 10-20 years
- Western business environment and -culture
- EU member since 2004
- **"Scandinavian boom"** in Poland and Finns have excellent reputation
- **Distance to Warsaw from Helsinki is same as to Lapland!**
(as a bonus you travel to West...)



GDP



Av. SALARY



**UNEMPL
OYMENT**



**SALARY
GROWTH**



EUR/PLN



**EASE OF DOING
BUSINESS**



INFLATION



WIBOR

Strengths and challenges



- Large domestic market
- No big constraints to start business
- Labor costs in a decent level
- Flexible labor regulation
- Big and well educated labor pool
- Infrastructure constantly improving
- Business environment is stable
- Being a Finn / Finnish company is a positive thing
- Purchase power raising year after year
- More advanced than you might think



- Salary inflation and challenges in finding labor in some areas
- High price sensitivity
- Tough competition
- Politically divided, current government unpredictable
- Grey economy still exists
- Contract culture being bit annoying for Finns
- Bureuacracy in certain areas
- Finns need to put more effort on info sharing and communication than back home

starting a business in Poland

Establishing company

LLC

- AoA to be signed **in notary** (getting possible to do online..)
- Registration time **3-10 weeks** depending on the city
- Company will have 3 numbers: NIP | REGON | KRS
- Min share capital 5000PLN (1200€)
- If the owner is a Finnish LLC; excerpt of trade register with apostille + translations needed
- Pay attention **who will be in board/proxy**. CEO position does not exist as in Finland.

One-man companies:

- If you plan to move to Poland, consider opening one-man company as 3 million others have done. Even factories operate under this form.
- Reason being lower tax level (no dividend tax, after CIT the funds are freely usable)
- Social costs fixed (around 300€ / month)

Often there are surprises and additional info needs – treat those as formalities not bureaucracy!

Quick way to start is to buy shelf company which is ready to use right away


Pay attention how much law office is charging. It tells whether they have habit of overcharge!

Introduction to accounting

Important dates for filing & payments:

- 15th of a month > ZUS (=social costs)
 - 20th of a month > CIT
 - 25th of a month > VAT
-
- Tax office has e-access to sales invoices for verifying
 - VAT return routine operation -> payment time 90 days
 - Tax inspection as a bonus (at least when 1st time)
 - PDF's and scans are valid – no need to have paper copies with stamps anymore
 - If not, change the accounting office!
 - Still typical to receive invoices by registered mail
 - E-signatures for LLC's annual closings needed – painful for foreigners to get it
 - Accounting costs typically ~150€ / month for small operations
 - Check pricing policy for additional costs

Tax rates: VAT 23% / 5% / 8% | | | CIT 19% /15%



Good accountant will make your life much easier. Pay attention to choosing one with proper communication.

Labor contracts

Contract types

- 1. Umowa o prace** – standard, permanent contract
 - Most common
 - Trial period max 3 months
 - Notice period 2w – 3m (If over 2 years in same company)
 - 2. Umowa o zlecenie** – "Contract of mandate"
 - Popular in hour based work
 - 3. Umowa o dzieło** – One time, specified task
 - NO social costs, used often in freelance contracts
 - Also so called trash contract to avoid social costs
- Minimum wage 2250 PLN (~500€) // 14,8PLN / hour (3,6€)
 - **Salary agreed as net amount**
 - **Social cost multiplier 21%**
 - Annual leave 20days / 26pv if over 10y in same employer
 - Non competition – employer pays 25%!! Max 2 years
 - MAX penalty if contract case taken to court: 3 month salary!

B2B contract popular

- Employee has "one-man company"
- Employee pays his social costs and issues VAT invoice
- IT, sales people, professionals..

Real estate (office & production)

Office market

- Availability generally good (construction boom)
- Average prices of GOOD office space (prime headline rents per m2)
 - Warsaw ~20€
 - Krakova, Poznan, Wroclaw, Gdansk ~13-15€

Production / logistics:

- Record handover in Q4 – over 700 000m2
- **Big players buidling speculatively**
- Big differences locally
- Biggest supply: Warsaw, Lodz/Strykow, Poznan, Wroclaw

Rent Prices:

- New, raw space start from 2,5€/m2 + ~1€/m2 utilities from big players -> local small market being 50% more expensive

Purchase prices:

- Roughly 300-600€/m2, depending on condition and location
- Example: new 7000m2 near Poznan -> 500€/m2

Patience needed with contracts

- Lawyer help a must
- Record: 185 pages / 200m2 office

Legal disclaimers

”**But first we need a contract..**” – You will hear this.

Having said it, you also need to **prepare to involve lawyer more than in Finland.**

All contracts should be checked by lawyer

- Work contract, B2B contracts (at least request a template)
 - IMPORTANT: **Non-competition, business secrets**
- Remarkable service contract (getting rid of internet contract cost 12k€.....)
- Office, T&C etc.

- General law office is good in general matters. If it goes to branch specific issues – choose lawyer with related experience.
- Cost level starting 60-100€ per hour – up to 200€+

Finally,

- Consider **light legal check** upon entering the market
- It is good to make **always decent agreement** – change of mindset?
- Prepare that it is common to threat with court or cash-collection



In court the loser do
not bear all the costs
as in Finland

If you are planning to buy a company..

- First entrepreneur generation from 1990's reaching retirement age
 - Big pool of companies
 - M&A market have stayed vivid, also government is active
- Financial information not freely available (like in Finland)
 - Must buy or request from service providers
- If company is one-man or other form of personal companies, financial information not necessarily available
- Negotiations require patient & building the trust
 - **Nothing is sure until final signatures are on paper**
 - Often the owners highly overvalue their company
 - **SME's are often managed by cash-flow**
- It is relatively easy to organize meeting – more complicated might be reaching the owner(s)!



Tax relieves

Special Economic Zones

- SEZ tax relieves valid until 2026
- Whole Poland is nowadays as SEZ – contrary to 13 SEZ's in the past
- Application process takes 1-3 months and is less complicated than EU-support
- Possibility to apply for multiple support

In practise

- CIT relieve | apprx. 20-50% of investment value
- Size of relieve depends mainly on a) unemployment at the location and b) size of company määräytyy
- Various costs included into investment value -> salaries, real estate, machines, services etc
- Locally can be also support in forms of lower real estate tax & cooperation with local schools

Example:

Company invests 1m€ and has 40% support rate

- Tax relieve of 400 000€ from CIT = can show net profit of 2,1m€



ALSO EU-support is available!

Daily business thoughts

Remember...

- To compete services and **don't pay foreigner's premium**
- There will be a day you need a **stamp**
- Healthy **control**
- To build the **trust**
- To **respect** Polish culture, country and history
- You cannot fight against **formalities** – accept them!
- Gents: Better remember women's day and to open door for ladies!

It's pretty normal that..

- Someone informs to be bit late (parking, traffic..)
- **Negotiation style is tough**, even rude
- Sometimes it goes to **shouting**
- All possible issues might require a **contract**
- Poles try **where is your limit**
- "Two Poles can form three opinions on one thing"
- **Things move fast**
- You are asked same thing / permission several times

Don't..

- Talk politics unless someone starts
- Get provoked even it gets personal
- Think Poland is an easy market
- Come to negotiations with dirty shoes
- Manage by email
- Expect that things work as in Finland – and tell it to Poles
- Think that handshake means a deal

**FORMAL
HIERACHY
CONTRACT
TALK & COMMUNICATE
CONFIRM THE ORDERS & TASKS
EMOTIONAL
WANT TO BE 100% SURE
LONG ANSWERS
GLASS HALF EMPTY
WANTS TO BE CONSTANTLY RESPECTED**

**INFORMAL
FLAT
HANDSHAKE / EMAIL
EMAIL
SAY THINGS ONCE
HIDE FEELINGS
95% IS ENOUGH
OK, SURE
GLASS HAVE FULL
FEEDBACK ONCE PER YEAR**

13 points on politics

- 1) Poland is **politically divided** – discussion are heated and go personal, also within families
- 2) 2019 is year of **two elections** – EU and parliamentary in Oct / Nov
- 3) **PiS leads in polls**, followed by coalition, Wiosna and left alliance
- 4) **Dont underestimate PiS** – they are masters in strategy & execution
- 5) Few economic reforms by PiS: **minimum wage** up, **500+** for families, lowered retirement age, **Sunday trade ban**, **lower CIT** for small enterprises, strong development plans for state companies, fight on tax avoidance etc.
- 6) On contrary **PiS has took control over court system**, turned public media on their own message channel, started to flirt with nationalist forces and lately being openly against LGBT's
- 7) PiS is, after all, mainly **business friendly** (except from quick legal changes, media control..) and does generally acceptable things like tightening tax avoidance control and using of trash contracts
- 8) Poland vs. it's peers -> also they have political turbulence
- 9) However PiS is from Finnish perspective **conflict & enemy seeking party** and strongly connected with church
- 10) Until recent months **opposition has been divided** -> now they seem to be better organized
- 11) Also new movement of **Wiosna** is somewhat **black horse**
- 12) There is **new scandal every second week** – people getting used to it (like Trump)
- 13) Last parliamentary election turnout was 52% -> **result depending heavinly on voting activity**

Scandinavian-Polish  | **15**th
CHAMBER OF COMMERCE  Anniversary



years
presence
in Poland

<https://www.youtube.com/watch?v=6AK8fXeIPbw&feature=youtu.be>



National section of SPCC
70 corporate members + 6 honorary members
Represents Finnish businesses in Poland

Organises few own events:

- *Summer picnic, Crayfish party, Independence Party*
 - *Company visits (KONE coming in May)*
- *Breakfast seminars with Embassy (next in April/May)*
 - *Other interesting topics / networking events*

And of course all 100 SPCC events per year and other benefits are available

Annual membership 430-1300€ depending on company size

www.spcc.pl/en

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Opportunity.
Poland.