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# How to become an employer in Poland

Key information regarding  
employment in Poland

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## **A Polish entity\* wishing to operate as an employer in Poland is required to meet the following registration obligations:**

### **Before hiring:**

- tax obligations – an employer is required to provide additional information, e.g. bank account number, to the relevant tax office, along with an official registration form (NIP-8) to receive a tax identification number;

### **After hiring:**

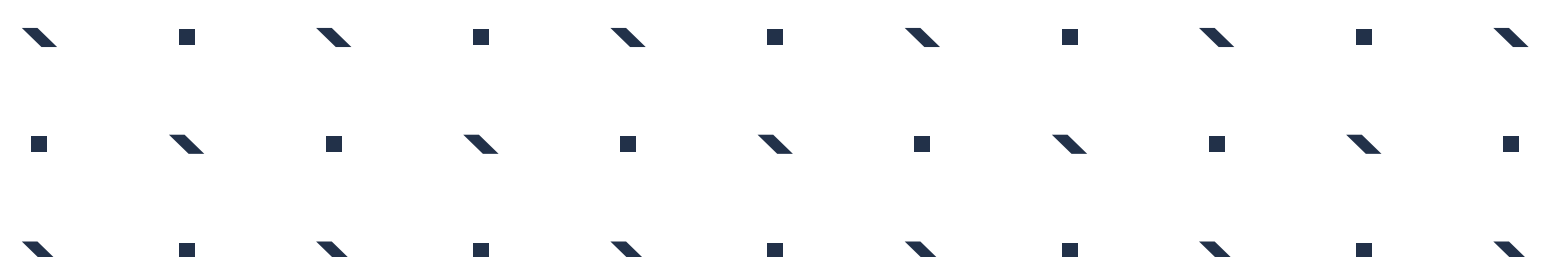
- social insurance obligations – upon conclusion of the first employment contract or mandate agreement, an obligation arises for the employer to inform the Social Insurance Institution (Polish acronym: ZUS) about the person performing the work within seven days of the conclusion of the contract/agreement; and
- Employee Capital Plans (Polish acronym “PPK”) – with the hiring of the first employee, the employer is required to introduce PPK, i.e. a mandatory long-term employee saving fund.

### **Employee’s documentation:**

- employers are required to maintain an employee record – either on paper or electronically – which contains all documents related to the employment of each individual employee;
- if the company employs at least 50 employees, it is obliged to adopt work and remuneration bylaws which should regulate the organisation of work and remuneration rules applied by the employer.

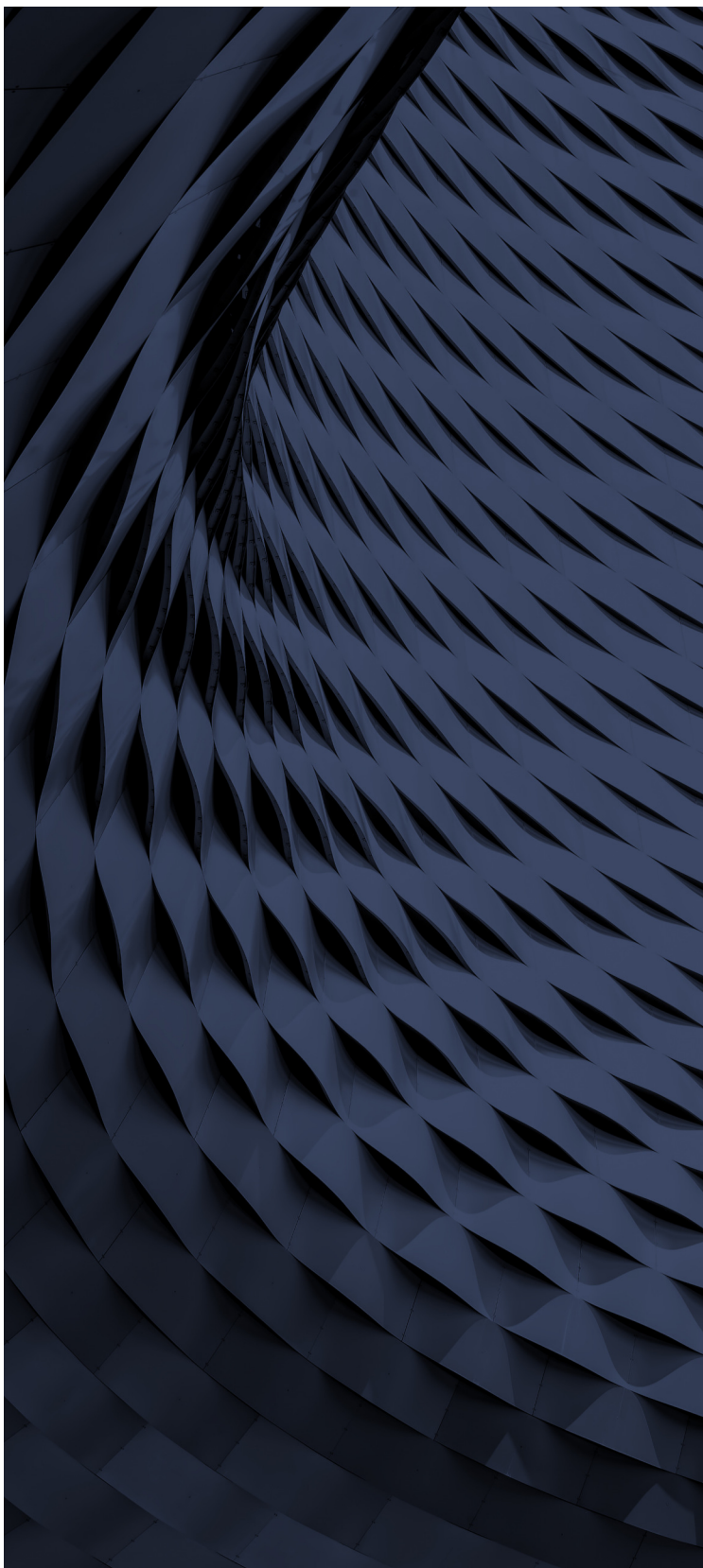


*\*Due to the registration procedure and common practice, it is recommended to become an employer as a Polish entity; however, a foreign entity or branch of an EEA-based entity may also become an employer.*





Employment in Poland – key information



Types of employment in Poland

- The basic manner of employment is the employment contract, which is governed by the Labour Code.
- This is due to the fact that only this type of contract provides employees with a number of rights under the law, such as paid annual leave. Employment under an employment contract is also required to satisfy the relevant attributes, such as subordination of the employee.
- However, it is common practice to also employ individuals under civil law agreements, e.g. mandate agreements or cooperation agreements with a sole proprietor.
- Please note that, in the event that a particular civil law relationship has the attributes of an employment contract, such a relationship may be recognised as being an employment relationship, with various negative consequences for the employer – particularly tax-related.

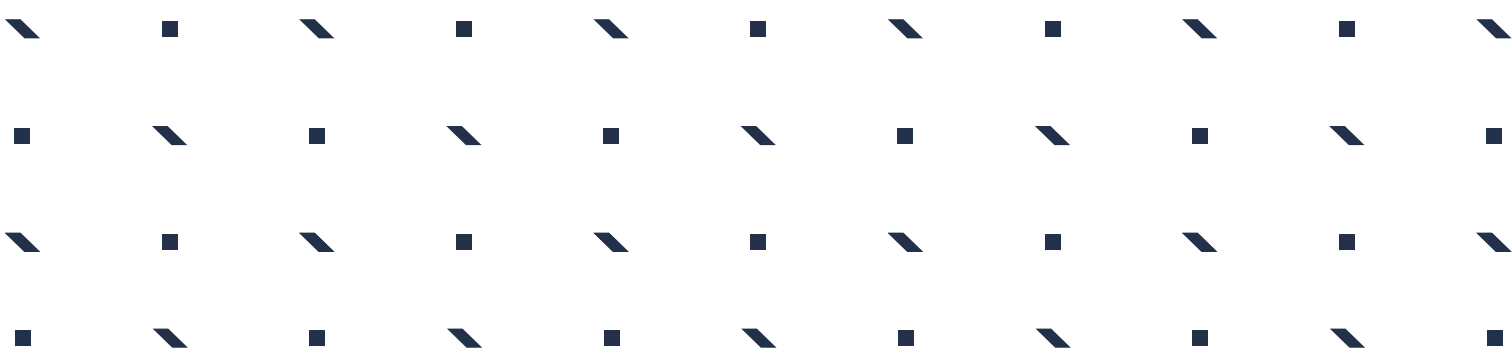
Employment contracts: conclusion, termination, minimum terms and conditions

The employment contract must be:

- in writing and
- in the Polish language (or bilingual), unless the employee is not a Polish citizen and requests that the execution of the employment agreement be in a different language.

Employment contracts may be concluded for:

- a probationary period - no longer than three months, cannot be repeated for the same position;
- a specified period - up to 33 months; a fourth consecutive contract turns automatically into a permanent contract for an unspecified period; and
- an unspecified period.





## The most significant minimum conditions for employees are as follows\*

### Remuneration:

- remuneration must be paid at least once a month on a specified date; and
- it must not be lower than the statutory minimum salary of PLN 3,600 (approx. EUR 765); and
- the employer is required to pay sick pay in the amount of at least 80% of the employee's remuneration for the first 33 or 14 days in a calendar year in the event of the employee's sickness.

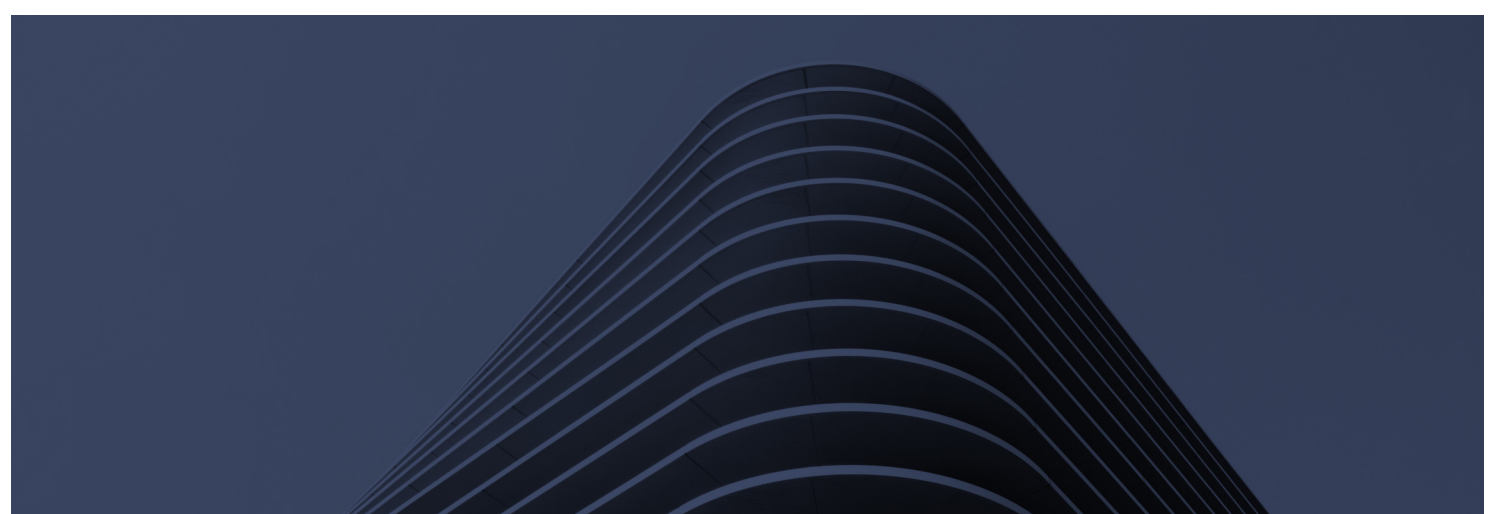
### Working time and rest:

- working time may not exceed eight hours per day and an average of 40 hours per average working week, with certain exceptions;
- employees are entitled to a minimum uninterrupted rest period of 11 hours in every 24-hour period, and 35 hours per week;
- the maximum number of overtime hours per year amounts to 150 hours per year, with certain exceptions; and
- work performed over the working time limits must be paid additionally or extra time off must be granted.

### Annual leave:

- employees are entitled to paid annual leave of 20 or 26 (depending on total seniority) working days per calendar year.

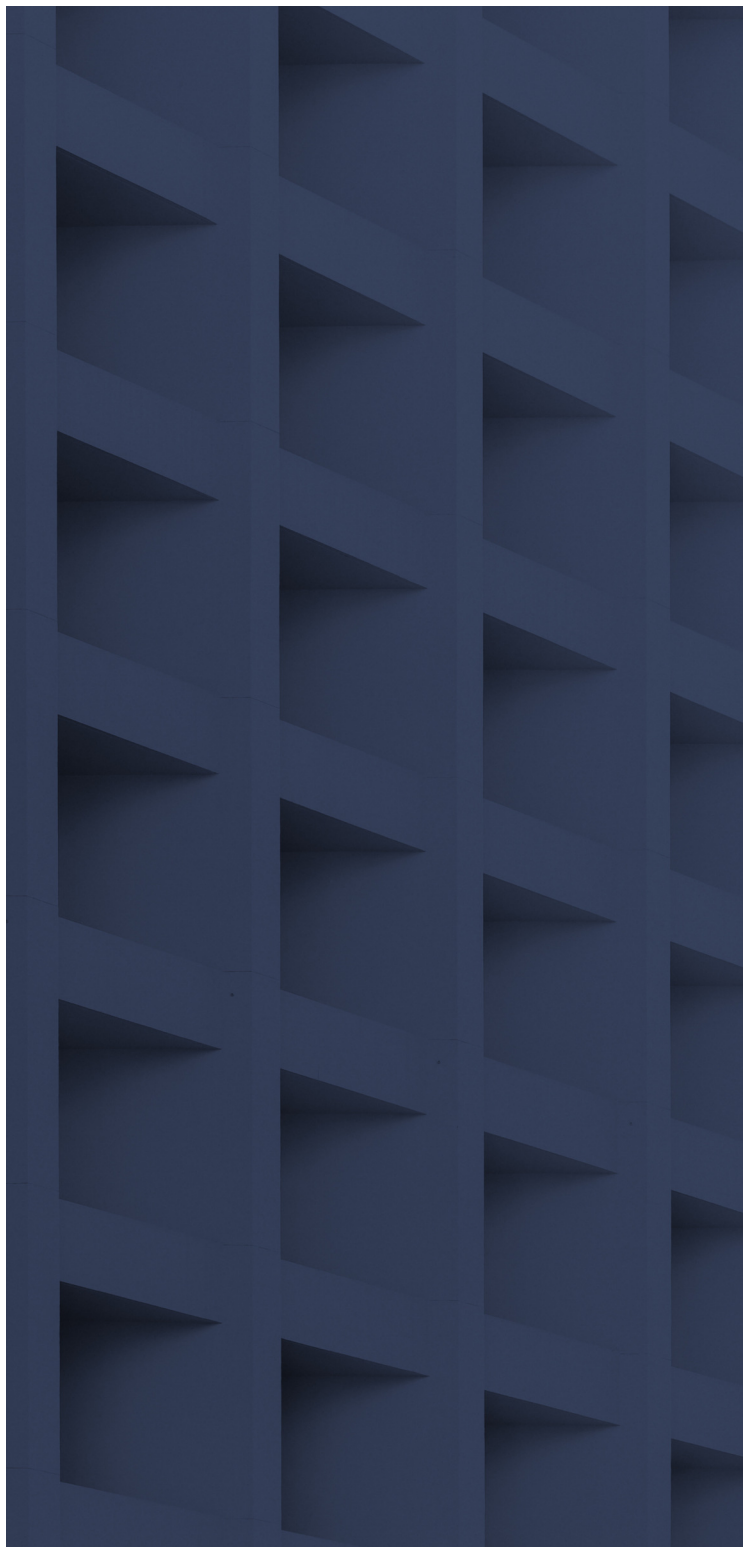
*\*The provisions of employment contracts may not be less advantageous to the employee than the provisions of binding acts (such as the Labour Code).*



## Employment costs – tax and other obligations

With respect to Polish law, the employer is required to meet the following obligations related to employment costs:

- **social insurance** contributions: paid by both the employer and the employee on a monthly basis. The contributions are made for the following types of social security: retirement funds, disability funds, sickness funds, and accident funds. The contributions are calculated from the employee's gross remuneration – the rate of contributions varies from 0.1% to 9.76% of remuneration;
- **health insurance**: the employee must pay a mandatory health insurance contribution in the amount of 9% of the basis for this contribution – the basis is calculated as the gross revenue of the employee minus the social security contributions paid by the employee;
- **personal income tax**: the Polish government taxes employees on their income on a progressive scale (up to PLN 120,000 / EUR 26,833 – 12%, over PLN 120,000 / EUR 26,833 – 32%). Employers are responsible for withholding income tax from their employees' remuneration;
- **solidarity levy**: in the event that the income of an entrepreneur in a given tax year exceeds PLN 1,000,000 (approximately EUR 225,000), the excess over this amount is also subject to solidarity levy at the rate of 4%. The solidarity levy is not due in the case of revenue subject to taxation with a lump sum;
- **PPK**: the employer's compulsory contribution rate is 1.5% of the employee's remuneration (minimum level). Enrolment in the pension plan is automatic for all employees under 55 years old; however, employees have the right to opt out from it at any time.



How to terminate an employment contract in Poland

An employment contract may be terminated by means of:

- mutual agreement (without a statutory notice period);
- termination with a mandatory notice period – a unilateral statement by the employer or employee; or
- termination without a notice period, e.g. caused by a material breach of the employee’s duties.

The termination of an employment contract is required to be in writing and, in case of termination of an employment contract for a specified or unspecified period, justification of such termination is also required.

If the employer employs at least 20 employees, an employee who is dismissed solely for reasons not attributable to him/her is entitled to severance pay in the amount depending on the length of service – from one up to three times the employee’s monthly remuneration.

The notice period under unspecified and specified contracts depends on an employee’s length of service in a company:

- two weeks – if the length of service is shorter than six months;
- one month – if the length of service is at least six months; and
- three months – if the length of service is at least three years.

In case of employment for a trial period, the notice period does not exceed two weeks – If the trial period is three months.



Contact:

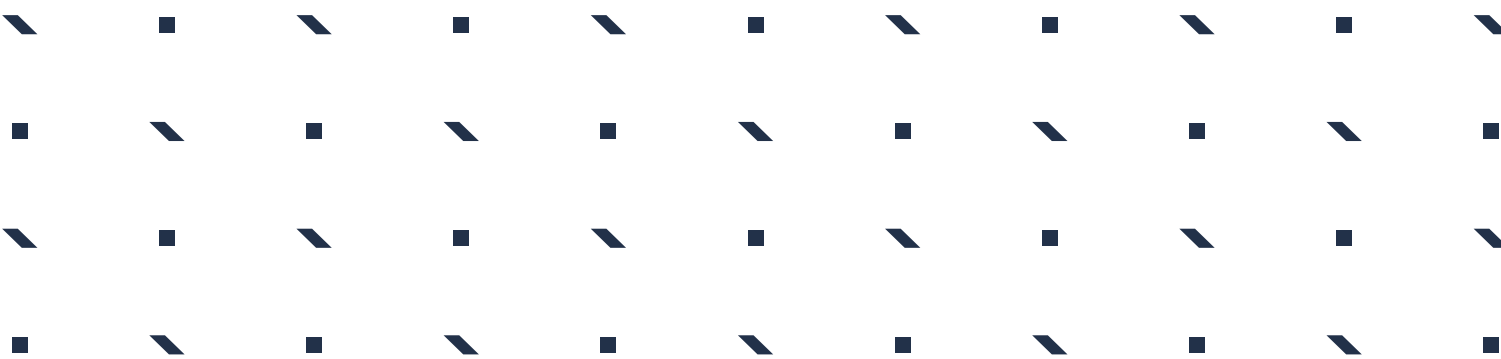


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