



# COMPANY FORMATION AROUND THE WORLD

Companies today are increasingly realising the financial benefits of establishing operations outside their own country and the growing use of setting up a foreign/offshore holding company for tax purposes. Corporate UK spoke to some eminent advisers from around the world about the process of incorporating a company in their jurisdiction and the benefits this can have for growing companies.

## Poland



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Polish law provides the possibility of carrying out business activity in various legal forms. However, the choice of a specific legal form involves various practical consequences, ranging from, organisational issues to determining the allowable level of risk resulting from the business activity and the possibility of tax optimisation, which is of crucial importance for the business evaluation, and the commercial effectiveness of the structure.

Until recently, the majority of entrepreneurs in Poland have been organising their businesses in traditional forms, whereby business activity is carried out on one's own behalf. The advantage of this form is the opportunity to benefit from the flat-rate tax of 19%. In turn, bigger enterprises are formed into classical partnerships and limited companies.

Partnerships include private partnership, unlimited partnership, limited partnership and limited joint-stock partnership. These partnerships avoid excessive taxation, however, the liability of the management and the shareholders of such partnerships is increased.

Limited companies include a joint-stock company, limited liability company and European (joint-stock) company. Limited companies allow for limitation of the investors' liability, but the profit is taxed twice in the majority of cases, firstly, at the level of company, secondly at the level of a shareholder.

The new 'hybrid' company such as the limited partnership comprising corporate persons as the general partners, ensure that the only shareholder liable with its whole estate is the legal person. The determination of profit division allow for the taxation of profits only once, at the level of the shareholders (limited partners).

The formal requirements connected with the founding of a partnership or a limited company are not sophisticated and come down to, the signing of corporate documents, including a deed of formation, certain registration actions, such as entry in the register of entrepreneurs of the National Court Register, registration at the statistical office, tax office and submissions concerning the employees.

In the case of well-prepared documentation and depending on the place in which the company shall have its registered seat, carrying out the whole procedure takes around four weeks. However, in some cases the enterprise may commence activity before completion of all the formal issues.

When forming a company in Poland a law office should be hired prior to the founding of the company, so we can prepare all the corporate documentation in order to ensure the form and structure of the activity correspond to the needs of the entrepreneur and in order to avoid problems at the stage of both registration and further functioning of the company.

Furthermore, the established and functioning enterprise should not be afraid to ask for our assistance in resolving current corporate issues, as it is often the case that minor corporate issues have major business consequences.