



KOPEĆ & ZABOROWSKI
LAW FIRM

Guideline for foreign investors

Investment in Poland

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Poland, situated in the heart of Europe, offers a strategic location for businesses looking to access both Western and Eastern markets. With a stable economy, a skilled workforce, and a range of investment incentives, the country has become an increasingly attractive destination for foreign investors. According to the World Bank's Doing Business 2020 report, Poland ranked 40th globally in terms of ease of doing business, reflecting its ongoing efforts to streamline administrative procedures and support entrepreneurship.

LEGAL FRAMEWORK FOR FOREIGN INVESTORS

Foreign investors in Poland are subject to different rules depending on their country of origin and legal status. Investors from European Union (EU) member states enjoy the same rights as Polish nationals when it comes to establishing and running a business. Similarly, non-EU nationals who hold specific residence permits—such as permanent residency or refugee status—are also allowed to operate under the same conditions.

Other foreign individuals, however, are limited to conducting business through specific legal forms. These include limited partnerships, limited joint-stock partnerships, limited liability companies, simple joint-stock companies, and joint-stock companies. They may also acquire shares in such companies. Importantly, if the company owns real estate in Poland, the acquisition of shares may require a special permit.





STRATEGIC SECTOR REGULATIONS

In response to the COVID-19 pandemic, Poland introduced temporary regulations in July 2020 to protect strategic sectors from foreign takeovers. These rules apply to non-EU investors seeking to acquire at least 20% of shares or gain control in companies operating in sensitive industries such as pharmaceuticals, food processing, and telecommunications. If the target company's turnover exceeded €10 million in either of the two preceding financial years, the investor must notify the President of the Office for Competition and Consumer Protection and obtain clearance. Although these measures were initially set to expire in July 2022, investors should verify whether they remain in force.



CHOOSING A LEGAL FORM OF BUSINESS

Foreign investors can choose from several legal structures when setting up a business in Poland. The most popular option is the limited liability company (spółka z ograniczoną odpowiedzialnością or sp. z o.o.), which offers limited liability for shareholders and a relatively straightforward incorporation process. This type of company can be established either through a notary or online using a simplified template, although the latter requires an electronic signature and is less flexible in terms of customizing the articles of association.

Once the articles are signed, the company must be registered with the National Court Register (KRS) within six months. The registration process typically takes about four weeks and results in the issuance of a KRS number, a tax identification number (NIP), and a statistical number (REGON). Until the registration is complete, the company operates as a "company in organization," which can enter into contracts and own assets but does not yet have full legal personality.

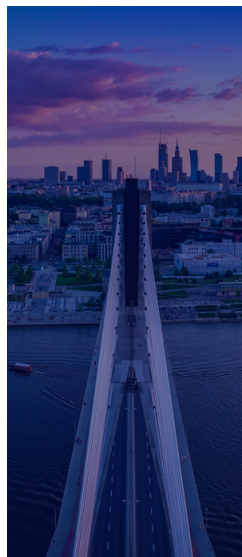
Management board members can be of any nationality and do not need to reside in Poland. However, since certain corporate actions require a qualified electronic signature, it is advisable for board members to obtain one promptly after their appointment.



BRANCHES AND REPRESENTATIVE OFFICES

Foreign companies may also establish a **branch office** in Poland, provided it operates within the scope of the parent company's activities. Branches must be registered with the Polish register of entrepreneurs and must appoint a legal representative. For non-EU companies, a reciprocity agreement between Poland and the investor's home country is required.

Alternatively, a **representative office** may be set up for promotional and advertising purposes only. These offices are registered with the Ministry of Economic Development and Technology and are limited to a two-year term, renewable for another two years.



JOINT VENTURES AND SPECIAL PURPOSE VEHICLES

Joint ventures are a common investment model in Poland, especially for foreign investors seeking local partnerships. These ventures typically involve the creation of a **special purpose vehicle (SPV)** - usually a limited liability or joint-stock company. The terms of cooperation are governed by a joint venture agreement (JVA) or shareholders' agreement (SHA), which are not regulated by Polish law but are valid under the principle of freedom of contract.

Such agreements typically define the purpose of the investment, the amount of share capital, and the ownership structure. In cases where the SPV is formed by investing in an existing company, the agreement may also include provisions for capital increases to avoid future disputes.

Joint ventures offer several advantages, including access to skilled labor, lower operational costs, and entry into new markets. Additionally, Poland offers tax incentives for individuals investing in venture capital funds, further enhancing the appeal of this investment model.

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