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Doing business in Częstochowa

Guide for the investors



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1. About Poland

1.1 Geographic location

The Republic of Poland is the 9th largest country in Europe by geographical area, with an area of approximately 312,679 sq. km, stretching 649 km from north to south and 689 from west to east. Poland shares borders with Germany to the West, the Czech Republic and Slovakia to the South, the Ukraine, Belarus and Lithuania to the East and Russia to the North. Poland's national borders have a total length of 3,496 km. The Baltic Sea coastline forms most of the northern border and provides over 500 km of sandy beaches, bays, steep cliffs and dunes. The majority of the western, central and eastern regions of Poland are lowlands. The Sudety and Carpathian mountain are Poland's natural southern border. The highest point in Poland is the Rysy peak (2,499 m) in the Polish Tatra part of the Carpathian mountain range. Because of its geographic location, Poland generally has a moderate continental climate.

Up to 1998, Poland had 49 provinces, known as regions. This changed on the 1st of January 1999, and today, there are 16 regions (voivodeships), 379 poviats (powiats) and 2,478 communes (gminas). The capital of Poland is Warszawa, with 1.7 million inhabitants (as of 30.06.2006), located in the centre of the country on the Wisła river. Other large cities include Łódź, Katowice, Kraków, Wrocław and Poznań. The major seaport cities are Gdańsk, Gdynia (which both with Sopot constitute Trójmiasto - Tricity), Szczecin and Świnoujście.

1.2 Population and language

The population of Poland is approximately 38.1 million what makes it 29th most populated country in the world, 8th in Europe. The retirement age is 65 years for men and 60 years for women.

The majority of Poles (almost 94%) are Roman Catholics.

Population in Poland (mln)	
Poland	38.1
Pre - working age:	7.1
Working age	24.6
Post - working age	6.4

Source: Central Statistical Office, Local Data Bank

The official language is Polish, but most educated Poles speak one or more foreign languages. The most commonly spoken foreign languages are English, German and Russian.

1.3 Political system

The Republic of Poland is a democratic state of law, implementing the principles of social justice. Poland's supreme law is the Constitution which was passed on the 2nd of April 1997 and ratified in a national referendum. The system of government is based on the separation of and balance between the executive, legislative and judicial powers. Legislative power is vested in a bicameral Parliament, composed of the Sejm (lower house) and the Senat (upper house); executive power is vested in the President of the Republic of Poland and the Council of Ministers, while judicial power is vested in the courts and tribunals.

The President of Poland is elected through a general election for a 5-year term and can remain in office for a maximum of two terms. He is the Head of State and the Commander-in-Chief of the armed forces. As the representative of the state in foreign affairs, the President may ratify and renounce international agreements. The President has the duty to sign statutes approved by Parliament, but also has the right to veto these acts. Such a veto can be overruled by a 2/3 majority vote in the Sejm. He also has the power to dissolve Parliament when it is incapable of performing the tasks of government or cannot agree to approve a draft of the State Budget. The President appoints the Prime Minister and other cabinet ministers.

Legislative power is formed by the Parliament which consists of the Senat - 100 senators, and the Sejm - 460 deputies. They are elected through a general election for a 4-year term of office. The legislative procedure starts with the Sejm. A bill passed by the Sejm is submitted to the Senat, which may approve it, adopt amendments or reject it. However, the Senat's veto may be overruled by an absolute majority vote in the lower house.

The Sejm and the Senat sitting in joint sessions, which are presided over by the Marshal of the Sejm, constitute the National Assembly. The National Assembly's tasks are to adopt the Constitution, receive the oath from the President and resolve to press charges against the President, thus making him accountable to the State Tribunal.

The Council of Ministers, as the executive body, handles the state's internal affairs and foreign policy, ensuring the implementation of statutes, management of the administration, approval of the draft of the State Budget and maintenance of the state's internal and external security. The Council of Ministers consists of the Prime Minister and the subordinate ministers. The Prime Minister, who is appointed by the President, designates the membership of the government.

The government is appointed by the President after its program has been accepted by the Parliament.

1.4 Central and local government administration

The governing tasks in Poland are divided between central and local administration. The central administration is comprised of the Chancellery of the President, the Council of Ministers, their respective ministries and structures, such as committees, centres and councils that operate in accordance with the acts of Parliament.

Representatives of the Council of Ministers in the voivodeships are the governors, who also act as supervisory authorities for local government units and represent the State Treasury.

1.5 System of justice

The bodies of judicial authority in Poland are courts and tribunals which are separate and independent of the other institutions of power. The system of justice is vested in the Supreme Court, the common courts, administrative and military courts. Judges are independent, cannot be dismissed and are subject only to the Constitution and regulations.

Supervision over the activities of common and military courts is exercised by the Supreme Court which hears cases under particular regulations, provides for uniformity and accuracy of interpretations of the law and issues opinions on bills.

The Supreme Administrative Court exercises control over the activities of public administration and judges the conformity of resolutions of local government authorities to the regulations and

normative acts of local government administration authorities.



The Constitutional Tribunal judges the conformity of laws and international agreements, regulations issued by state authorities and of the objectives and activities of political parties with the Constitution. The Constitutional Tribunal adjudicates on disputes over authority between central state authorities and its judgments are final.

The most important state officials are accountable to the State Tribunal for breaches of the Constitution or a regulation, committed by them within their office or within their responsibilities.

Częstochowa – key factors



Table 2.1 Distance (as the cross files) between Częstochowa and main European and Polish cities

European cities	distance	Polish cities	distance
Warsaw	205 km	Katowice	62 km
Budapest	370 km	Łódź	107 km
Vienna	353 km	Kraków	102 km
Berlin	437 km	Wrocław	149 km
Prague	342 km	Gdańsk	395 km
Bratislava	331 km	Poznań	233 km

Source: City Hall of Częstochowa, Department of City Development, 2011

2.1 Localization

Częstochowa is situated in the Upper Warta River Valley in South-Central Poland, on the borders of three geographic macro regions: the Krakow-Częstochowa Highlands, Silesian Highlands and the Mid-Poland Lowland. Historically, it belongs to Western Lesser Poland (Małopolska), but as a result of the 1999 administrative reform it was included in the Silesian Province.

The city is an important node of the Pan-European transport corridor connecting Scandinavia to the Mediterranean Region. The national road DK1 from Gdańsk to Katowice, constituting a part of the European road E75, runs through Częstochowa. Soon, the city will be encircled by the A1 motorway that will connect Częstochowa's road network with the A2 and A4 motorways and thus with the whole of the Europe's motorway network.

Częstochowa is also an important rail node situated on the historic Warsaw-Vienna Railway system, which constitutes an important element of the railway system of Upper Silesia – one of the biggest in Europe. Three of the railways cutting through the region constitute a part of the international AGC network and the Euroterminal in Sławków is the farthest western point of contact between the broad gauge and standard gauge railway systems, which is connected to the system of cargo transportation between Asia and Far East and Western Europe.

The convenient location makes Częstochowa the centre of the biggest market in Central and Eastern Europe. Five out of 15 biggest Polish agglomerations are situated within a 120-kilometre radius from the city, including the most urbanized area on the continent - the Silesian conurbation with a population of 4.6 million. The arterial roads crossing the city ensure easy access to almost 10 million potential customers.

2.2 Air connections

Two international airports operate nearby the city: Katowice-Pyrzowice (50 km away) and Krakow – Balice (120 km away), and there is an ex-military airfield in Rudniki in the immediate vicinity (15 km away) of Częstochowa, from which small aircraft such as air taxis can operate.

	2008		2009		2010	
	Katowice-Pyrzowice	Kraków-Balice	Katowice-Pyrzowice	Kraków-Balice	Katowice-Pyrzowice	Kraków-Balice
Passenger traffic	2 426 942	2 923 961	2 364 613	2 680 322	2 403 253	2 863 996
Aircraft operations	27 030	35 568	26 206	32 907	26 770	32 878

Source: www.krakowairport.pl, www.katowice-airport.com, 2011

2.3 Population

Częstochowa is 13th most populous city in Poland and second in the Silesian Province. An area of 160 km², is populated by 238,000 people, i.e. 1488 people per square kilometre.

Table 2.2 Structure of the population

Total	238 042
Women	126 376
Men	111 666

Source: City Hall of Częstochowa, Department of City Development, 2011

Table 2.3 Age structure of the population

	Total	% of total	Women	Men
Pre-working age	37 055	15.6	18 185	18 870
Working age	154 915	65.1	75 337	79 578
Post-working age	46 072	19.4	32 854	13 218

Source: City Hall of Częstochowa, Department of City Development, 2011

2.4 Main investors on the local market

TRW Polska Sp. z o.o. (USA) – two plants manufacturing airbags and seatbelts; TRW employs a total of almost 5000 people in Częstochowa.

ISD Huta Częstochowa Sp. z o.o. (Ukraine, Russia) – the biggest and most modern domestic manufacturer of thick metal sheet. The steelworks employ c.a. 4000 people.

Fortum Częstochowa (Finland) – a heat and power plant with an output of 120 MW (heat) and 64 MW (electricity).

Guardian Częstochowa (USA) – one of the most modern glassworks in the world.

Stolze Częstochowa SA (Austria) - one of the biggest and most modern producers of glass packaging.

Galeria Jurajska, Globe Trade Centre S.A (Poland) – shopping mall.

Ocynkownia Polimex Mostostal SA (Poland) - one of the biggest and most modern galvanisation plants in Poland with a capacity in excess of 6,000 tonnes of steel structures per month.

Zermen Sp. z o.o. Koksownia Częstochowa Nowa sp. z o.o. – one of the most modern coke works in Poland. Construction of a new coke oven battery with a value of c.a. PLN 200 million is in progress.

Brembo Częstochowa Sp. z o.o. (Italy) – manufacturer of clamps for light commercial vehicles and a galvanisation plant.

BST Safety Textiles (Germany) – manufacturer of textiles for motorcars.

CF Gomma Polska Sp. z o.o. (Italy) - manufacturer of car accessories.

IKEA (Sweden) – will construct a retail and services complex.

"Providing competitive technology and services of highest quality we have achieved an environment that promotes the growth and fulfilment of our employees. Becoming the biggest company located in Czestochowa has been reached with friendly and proactive support of local authorities".

*Krzysztof Szwedkowicz
Board Member, Plant Director
TRW Polska Sp. z o.o.*

2.5 Main branches of industry

Industry	Main sectors	Product/Company
Electromechanical	Automotive	Manufacture of airbags, seatbelts (TRW Polska), brake systems (Brembo), textiles for motorcars BST Safety Textiles (Germany), car accessories (CF Gomma Polska Sp. z o.o.)
	Metal	Screws (Wkrętmet)
	Electromechanical	Air conditioning and ventilation equipment (Dospel)
Metallurgical	Ironworks	Production of thick metal sheet and steel structures (ISD Huta Częstochowa)
	Galvanisation	Ocynkownia Częstochowa Polimex-Mostostal SA
Oil and Energy	Heat and Power Plants	Fortum, Zakład Elektroenergetyczny Elsen SA
	Coke Works	Koksownia Częstochowa Nowa
Mineral	Glassworks	Float glass and coated glass (Guardian), glass packaging (Stolze Częstochowa SA)
Light	Textile	Cloths ad decorative textiles (Polontex SA)
	Industrial Textiles	Polypropylene textiles and yarn (FAM S.A., "Stradom" Częstochowa)

Source: City Hall of Częstochowa, Department of City Development, 2011

2.6 Structure of business entities

There are 26 725 registered business entities in Częstochowa. The public sector is comprised of 573 entities that can be divided as follows:

- budgetary law entities owned by the state or by local governments – 272
- state-owned companies – 1
- commercial companies – 27
- joint ventures – 1

The private sector constitutes an overwhelming majority of businesses and comprises 26,152 entities in the following categories:

- sole proprietorships - 20 737
- commercial companies - 2 184
- joint ventures - 406
- cooperatives – 77
- foundations - 76
- associations and social organisations - 587

The above entities are the key employers in the region. The tables below present the number of entities per 1 thousand of the population and the employment structure per number of employees.

Entities per 1 thousand of the population*	
Częstochowa	111,67
Częstochowa subregion	95,20
Śląskie voivodeships	97,42

Source: * as for 31.12.2010. Central Statistical Office, Local Data Bank, 2011

No. of employees	Częstochowa	Including the private sector
1- 9	25 242	24 917
10 – 49	1 213	1 051
50 – 249	227	153
250 – 999	38	28
1000 and more	5	3

Source: GUS, Local Data Bank, 2010

Economic activities are focused mainly on the following industries (numbers of entities operating in a given industry indicated in brackets):

- Manufacturing (9750)
- Construction (2464)
- Wholesale and retail sale; repair of vehicles (8478)
- Transportation and storage (1405)
- Accommodation and food service activities (629)
- Financial and insurance activities (1062)
- Real estate activities (1071)
- Professional, scientific and technical activities (2305)
- Arts, entertainment and recreation activities (429)
- Other service activities (1573)

Source: PKD 2007, as at 31.12.2010. Central Statistical Office, Local Data Bank, 2011

3. Good place to live

3.1 Culture

Studies conducted by independent experts show that Częstochowa is the most trustworthy city and the fourth most recognisable brand in Poland, as well as one of the most recognisable Polish cities in the world. The city owes its popularity mainly to the Pauline monks' monastery situated on *Jasna Góra* (the Luminous Mount), which has been one of the main Christian cult centres for centuries, and Poland's greatest place of pilgrimage. Each year approximately four million pilgrims from 78 countries visit the *Jasna Góra* sanctuary, which is famous for the painting of the Black Madonna of Częstochowa.

The city's unusual character is reflected in its cultural offer – mainly religious events, such as the “Gaude Mater” International Festival of Sacred Music (currently one of the main musical events in Poland, and one of the world's leading sacred music festivals), the *Jasna Góra* Harvest Festival or the “Sacrum” Triennial Art Festival. The famous secular artistic events include the Bronisław Huberman Violin Festival, the Guitar Meetings of Częstochowa, HOT JAZZ SPRING Traditional Jazz Festival, as well as the *Industriada* Route of Industrial Heritage, the *Aleja Dobrego Smaku* (the Good Taste Avenue) Festival of Culinary Art or the European Folk Culture Days.

The city has its own philharmonic hall, a theatre, many museums and art galleries – table 3.1. The city's cultural ambience is also shaped by numerous artistic clubs and cafes situated along the main shopping street - al. Najświętszej Maryi Panny.

Institution	www
Philharmonic Hall of Częstochowa	www.filharmonia.cze.pl
Adam Mickiewicz Theatre	www.teatr-mickiewicza.pl
Museum of Częstochowa	www.muzeumczestochowa.pl
Gallery of Painting and Sculpture	www.katedralna.muzeumczestochowa.pl
Museum of Manufacture of Safety Matches	www.zapalki.pl
Museum of Mining for Iron Ores	www.kopalnia.muzeumczestochowa.pl
Regional Association of the Encouragement of Fine Arts “Zachęta” in Częstochowa	www.konduktorownia.eu
Archaeological Reserve	www.rezerwat.muzeumczestochowa.pl

3.2. Sport and recreation

Częstochowa has well developed sports and recreational infrastructure, including five stadiums, two full-size sports halls, five indoor and two open-air swimming pools, many tennis courts, cycling paths and two big Sports and Recreation Parks: *Lisowiec* and *Aniołów*.

Częstochowa is also a good starting point for trips to the tourist trails of the *Kraków – Częstochowa Jura* – one of the greatest wild nature reserves in Europe. The unforgettable beauty of the Jura is determined by its varied landscape, rocky hills, inselbergs, caves, picturesque valleys, abundance of greenery and ruins of medieval castles that used to be part of Poland's fortification system.

Częstochowa and the surrounding area offer 14 trekking trails with a total length of 600 km. Cyclists can enjoy 21 cycling paths of different degrees of difficulty, totalling 700 km. There are also many horse riding centres in the city and the region. Fans of water sports can count on a 500 ha water reservoir in Poraj and three reservoirs in the *Lisowiec* park. The Jura area is a paradise for rock climbers and cavers. The nearby Rudniki is a good place for air sports, such as gliding, parachuting, as well as hang-gliding and paragliding.

In the winter, the *Morsko* Centre for Recreation (www.morsko.pl) offers Alpine skiers its trails and a 400 m-long ski-lift. The large forest complexes of

Table 3.1 Centres of culture in Częstochowa

the Częstochowa region are also a good place for Nordic and cross-country skiing.

The region also boasts an 18-hole masterclass golf course, Rosa Private Golf Club (www.rpgc.pl) – one of the biggest investments of the type in Poland - stretching on 90 of land in Konopiska (c.a. 14 km from Częstochowa).

3.3 Environment and surroundings

Częstochowa has over 8,000 hectares of green areas, including 143 hectares of woods and 257 municipal parks, greens and commons. The favourable climate of Częstochowa is greatly facilitated by the city's location nearby the basins of three rivers: Stradomka, Konopka and Warta. The natural corridors running along the river valleys provide the residential areas of the city with good ventilation. So far approximately 1800 caves and shelters have been found half of which (900) are situated near Olsztyn, Złoty Potok and Podlesice; there are over 600 caves in the Ojcowski National Park, making the region truly unique on a global scale.

This is where some of the most attractive caves of the region are situated, such as the Maurycy Cave which is one of the most beautiful ones in the Kraków-Wieluń Jura, or the Coral Cave which is as beautiful. The interesting rock formations and inselbergs are a venue for many rock-climbing competitions featuring the best Polish rock climbers.

The area surrounding Częstochowa is home to many nature reserves, i.e. the *Eagles' Nests*, *Stawki*, *Załączański* and *Lasy nad Górną Liswartą* Landscape Parks.

For many years, the Jurassic trails have been the green lungs of the city while the Jurassic calcareous water deposits are a source the cleanest fresh water in Poland.



4. Setting up a business

4.1 Principal forms of business entity

The main legal forms of companies are the: joint stock company (spółka akcyjna – SA), limited liability company (spółka z ograniczoną odpowiedzialnością – Sp. z o.o.), limited joint stock partnership, registered partnership, limited partnership, professional partnership, sole proprietorship and civil law partnership. Poland also allows for the creation of the European Company (SE).

Forms of entity

Limited liability company (Sp. z o.o.)

The Sp. z o.o. is a basic type of a company in Poland. It has a separate legal personality from its shareholders, which means that it can acquire rights and incur liabilities on its own behalf when acting through its governing bodies.

A Sp. z o.o. has capital that is created from shareholder contributions, but shareholders of an Sp. z o.o. are not responsible for the liabilities of the company. The management of an Sp. z o.o. is less formal than that of an SA, so is a somewhat more popular form in which to conduct business. Details on the formation of an Sp. z o.o. include:

Founders: There are no restrictions on the number, nationality or residence of shareholders; however, a limited liability company may not be formed solely by another single shareholder limited liability company.

Capital: The minimum capital required to establish a limited liability company is PLN 5 000. Contributions to a limited liability company may be made in cash or in kind.

Legal reserve: There are no legal reserve requirements.

Shares: Shares are registered and may be common or preferred. The minimum share value is PLN 50.

Management: There are no residence requirements for the board of directors of an Sp. z o.o. If share capital exceeds PLN 500 000 and there are more than 25 shareholders, the company must have a supervisory board with at least three persons. The term of office for the board of directors is not defined. Employees have no

influence over the management of private sector firms unless they are shareholders.

Meetings and votes: A simple majority of 50% is sufficient to approve most actions; a 75% majority is required for major changes.

Costs of incorporation: Legal costs for establishing a company (including notary charges, stamp duty and court costs) depend, inter alia, on the level of capital.

Registration: A limited liability company acquires legal personality from its registration in the National Court Register. However, it comes into existence at the time its articles of association are signed.

Joint stock company (SA)

The SA also has a personality separate from its shareholders, which means that it can acquire rights and incur liabilities on its own behalf when acting through its governing bodies. An SA has capital created by shareholder contributions. As in the case of a limited liability company, the shareholders of an SA are not responsible for the company's liabilities. Management is more formal than in the case of a limited liability company. The SA is frequently used where this form is required by law (e.g. banks, insurance companies) or where the company is planning a floatation on capital markets. Details on the formation of an SA include:

Founders: An SA must be founded by at least one individual or legal person who must sign an articles of association agreement. An SA may not be formed solely by a single limited liability company. There are no residence or nationality requirements.

Capital: The minimum initial capital is PLN 100,000, of which 25% must be paid up before registration.

Legal reserve: An SA is required to set up a legal reserve equal to 8% of annual net profits, until the reserve reaches one-third of share capital.

Shares: Shares may be registered, bearer, common or preferred. Non-dividend shares are not permitted. The minimum share value is PLN 0.01. Shares may be issued to the public.

Management: The corporate bodies of an SA are the shareholders' meeting, the management board and the supervisory board. Management is vested in a board of directors. There are no residence requirements for the board of directors, but at least two members of the board of a Polish-registered bank, including the chairman, must have working knowledge of Polish.

The management board may be appointed for an initial term of up to five years, with subsequent terms of up to five years. A supervisory board with at least three members (five for a listed company), each appointed for a term of up to five years, is mandatory.

Employees have no influence over the management of private sector firms unless they are shareholders.

Meetings and votes: A simple majority of 50% is sufficient to approve most actions, with a 75% majority required for major changes.

Costs of incorporation: Legal costs for establishing a company (including notary charges, stamp duty and court costs) depend, inter alia, on the level of capital.

Registration: An SA comes into existence on the implementation of the company deed, but it obtains legal personality when it is entered into the National Court Register.

Approximately time of setting up the above forms of entities is described in Table 4.1.

Branch of a foreign company

A foreign company may opt to set up a branch in Poland. A branch is a part of a foreign company that does not have its own legal personality, but conducts business in Poland. A branch may only conduct activities that are related to the business of the foreign investor, which may include sales, invoicing and marketing. A branch is allowed to generate income. It must be registered in the National Court Register under the name of the investor and must include the term "branch in Poland."

A foreign investor also may establish a representative office in Poland. A representative office may only carry out the following activities: promotion and advertising activities; acting as a sales agent; and preparing, signing and supervising contracts on behalf of the head office. A representative office may not generate income on its own behalf and must be registered separately with the Ministry of Economy. The registration procedures are similar to those that apply to a branch.



Table 4.1 Approximately time of setting up the business in the form of Sp. z o.o. and SA, Deloitte 2011

Joint-stock company

Step	Action	Time
1	Preparation of a statutes of a joint-stock company.	approximately 1 – 7 days
2	<p>Execution of the following:</p> <ul style="list-style-type: none"> • signing of the statutes by the promoters (the statutes of a joint-stock company shall be made in the form of a notarial deed); • consent to the formation of the joint-stock company and the wording of the statutes, as well as to the subscription for the shares by the single promoter or promoters, or jointly with third parties (those shall be expressed in notarial deeds); • making contributions to finance the share capital; • taking-up of all shares; • appointing corporate bodies (Management Board and Supervisory Board); <p>NOTICE! <i>The joint-stock company in organization shall be formed when all of its shares are subscribed for.</i></p>	approximately 1 day
3	<p>Registration in the National Court Register, tax authorities, statistical authorities and social security authorities</p> <p>NOTICE! <i>Registration in the National Court Register shall be made by the registry court having jurisdiction over the seat of the company.</i></p> <p>NOTICE! <i>With the application for registration of the company by the registry court, the management board shall request to the tax office for granting the NIP number (Tax Identification Number), request to the statistical office for granting REGON number (statistical identification number) and request for registration to social security authorities (if applicable).</i></p>	approximately 2 – 4 weeks
4	<p>The company is ready to operate</p> <p>NOTICE! <i>Certain specific activities may require obtaining prior administrative permits (e.g. mining, energy, real estate brokerage).</i></p>	

Limited liability company

Step	Action	Time
1	Preparation of the articles of association of a limited liability company.	approximately 1 – 7 days
2	Execution of the following: <ul style="list-style-type: none">• Conclusion of the articles of association in form of a notarial deed;• Appointing corporate bodies (Management Board and/or Supervisory Board/auditors committee);• Making contributions towards share capital.	approximately 1 day
	NOTICE! <i>Upon conclusion of the articles of association, a limited liability company in organization shall be created.</i>	
3	Registration in the National Court Register, tax authorities, statistical authorities and social security authorities	approximately 2 – 4 weeks
	NOTICE! <i>Registration in the National Court Register shall be made by the registry court having jurisdiction over the seat of the company.</i>	
	NOTICE! <i>With the application for registration of the company by the registry court, the management board shall request to the tax office for granting the NIP number (Tax Identification Number), request to the statistical office for granting REGON number (statistical identification number) and request for registration to social security authorities (if applicable).</i>	
	NOTICE! <i>If the formation of the company is not reported to the registry court within six months of the date of conclusion of the articles of association the company in formation shall be dissolved.</i>	
4	The company is ready to operate	
	NOTICE! <i>Certain specific activities may require obtaining prior administrative permits (e.g. mining, energy, real estate brokerage).</i>	

4.2 Regulation of business

Registration and filing requirements

All companies intending to conduct business activities are given a tax identification number (NIP) after registering with the appropriate local tax office. Taxpayers are obliged by law to keep their accounts and calculate tax independently.

Mergers and acquisitions

The Act on Competition and Consumer Protection empowers the Office for the Protection of Competition and Consumers (UOKiK) to block any merger that would lead to the capture of 40% or more of market share. The UOKiK also imposes reporting requirements for acquisitions of existing firms.

Parties to a proposed merger must notify the UOKiK if their combined sales for the previous year exceeded EUR 1 billion worldwide or EUR 50 million in Poland. There are exceptions, such as when the transaction is within the same capital or financial group and when the concentration results from bankruptcy proceedings. All multinational companies must notify the UOKiK of a proposed merger if any party to the merger has a subsidiary, distribution network or permanent sales practice in Poland.

Certain mergers and acquisitions having an EU dimension fall within EU merger control. As a rule, the European Commission has exclusive power to review such transactions. Under the Merger Control Regulation, the EU has jurisdiction over mergers (1) where the combined aggregate worldwide turnover of all the undertakings concerned exceeds EUR 5 billion and the aggregate EU-wide turnover of each of at least two of the undertakings exceeds EUR 250 million, unless each of the undertakings concerned achieves more than two-thirds of its aggregate EU-wide turnover in a single member state; and (2) where the aggregate global turnover of the companies concerned exceeds EUR 2.5 billion for all businesses involved, the aggregate global turnover in each of at least three member states exceeds EUR 100 million, the aggregate turnover in each of these three member states of at least two undertakings exceeds EUR 25 million and the aggregate EU-wide turnover of each of at least two of the undertakings exceeds EUR 100 million, unless each of the undertakings concerned achieves more than two-thirds of its aggregate EU-wide turnover within one member state.

The European Commission has 25 days after a merger is reported to approve the transaction or open a procedure. If a procedure is opened, the Commission must issue a ruling within 90 days. However, the Commission can decide to refer the merger to the competition authority of the relevant member state to determine whether the effect of the merger will primarily be in that member state. Companies whose merger would not normally fall within the jurisdiction of the European Commission can request a Commission review if they are otherwise obliged to notify three or more EU member states. The Commission proceeds as a "one-stop shop" only if none of the relevant member states objects within 15 days.

5. Polish tax system

5.1 General information

The main taxes imposed on companies in Poland are:

- Corporate income tax -19%
- Tax on civil law transactions (TCLT) - 0,5-2%
- Value added tax (VAT) – 23%
- Real estate tax; and
- Excise duty.

There is no excess profits tax or alternative minimum tax.

In general, foreign companies and individuals pay the same taxes as Polish legal entities (except where a tax treaty provides otherwise).

Main taxes applicable to companies operating in Poland

Corporate income tax	19%
Withholding tax	
Dividends	19%*
Interest	20%*
Royalties	20%*
Branch profits tax	-
Net worth tax	-
Value added tax	23%
Capital duty	0.5%
Tax on civil law transactions	0,5-2%

*In many cases tax treaties, EU directives provide for lower rates or even exemption

Companies and organizational units (with the exception of partnerships) are subject to taxation at a 19% rate. Taxpayers that have their registered office or their management board in Poland are liable for corporate income tax on their worldwide income.

If a corporate taxpayer does not have its registered office or management board in Poland, tax is levied only on income derived in Poland, unless otherwise provided in a tax treaty. Foreign-source income derived by residents is generally subject to corporate income tax in the same way as Polish-source income, usually with a foreign tax credit granted, unless a tax treaty provides otherwise. Branches generally are taxed the same as subsidiaries.

Taxable income

Taxable income comprises all revenue earned in a tax year, both financial and operating (with some exceptions), net of deductible expenses. A company's profits consist of business/trading income, passive income (e.g. dividends, interest and royalties) and capital gains. Business income derived from abroad is aggregated with other income and is subject to Polish corporate income tax.

Dividends

Dividends paid by Polish companies to nonresidents are subject to a 19% withholding tax, unless a tax treaty provides for a lower rate or the EU directive applies (so called PSD directive). The PSD applies, inter alia, where the recipient company holds at least 10% of the capital of the Polish payer company (25% where the dividends are paid to a Swiss company) for at least two years. Dividends paid to a Polish resident individual are subject to a 19% withholding tax.

To benefit from a reduced rate under a tax treaty, the foreign recipient should provide the Polish payer with a certificate of tax residence issued by the tax authorities in the recipient's home country.

5.2 Taxes on companies

Tax treaties

Poland has a broad tax treaty network, with many treaties reducing the withholding tax rates that apply to dividend, interest and royalty payments by Polish companies to nonresidents. If the European Community (EC) parent-subsidiary directive (PSD) applies, no tax is withheld on dividend payments. Under transition rules in the EC interest and royalties directive (IRD), Poland is permitted to impose a 5% rate on interest and royalties until 1 July 2013. The full exemption will apply after that date.

Deductions

All expenses incurred by a company for the purpose of preserving and protecting taxable revenue generally are deductible. Examples include interest, royalties, employee remuneration, net operating losses and depreciation. Specified categories of expenses are nondeductible (e.g. certain advertising and entertainment costs, penalties, etc.). Also dividends paid are not deductible for tax purposes.

Losses

Losses incurred by a company may be carried forward to future years, but it is not possible to carry back losses and offset them against income for prior years. Losses may be offset against income generated in the subsequent five tax years, but only up to 50% of the original loss may be deducted in a single tax year. In the case of a merger, only the tax losses of the surviving company can be utilized; the losses of the acquired company are forfeited.

Taxation of nonresident entities

As a rule, a company whose legal seat and place of management are located abroad is subject to corporate income tax on income earned in Poland, under the same rules as Polish entities. A Polish branch of a foreign company is taxed in the same manner as a Polish subsidiary.

5.3 Transactions between related parties

Transfer pricing

Poland's transfer pricing rules generally follow the OECD guidelines. Thus, transactions between related parties must be concluded on arm's length terms. If such transactions are concluded on terms that differ from the arm's length standard and, as a result, a taxpayer reports a lower taxable income than it otherwise would have disclosed, the tax authorities may adjust the taxable income of the taxpayer.

The transfer pricing rules apply both to domestic and cross-border transactions.

Documentation must be prepared for domestic and cross-border related party transactions exceeding annual value thresholds (generally, EUR 100,000 for tangibles; EUR 30,000 for services and transactions involving intangibles;).

If the taxpayer does not provide the tax authorities with the required documentation on related party transactions within seven days of a request, and the additional income is assessed by the tax authorities based on the transfer pricing rules, the additional income will be subject to a 50% corporate income tax penalty.

Groups of companies

Polish tax law contains provisions governing companies in a group relationship. The Corporate Income Tax Act allows for the creation of a tax consolidated group, whereby all companies in the group are treated as a single taxpayer for corporate income tax purposes. Companies intending to create a tax consolidated group are obliged to meet specific requirements listed in a CIT Act. A tax group must be established for at least three years and the group must satisfy also certain requirements after its creation (i.e. 3% profitability).

When a fiscal unity is formed and registered with the tax authorities, the tax losses of group members may be set off against the taxable income of the other members of the group, donations between companies will be deemed to be a tax-deductible expense for the donor, the transfer pricing rules do not apply to transactions between group companies and only one company in the group files a tax return.

5.4 VAT

VAT is a broad-based tax levied on the supply of goods and services in Poland unless the transaction is exempt. Polish regulations are based on EU directives. The standard rate of VAT is 23%, which is charged on most goods and services. A reduced rate of 8% or 5% is imposed on certain foods, medicine, hotel and catering services, certain transport services, municipal services, etc. A zero-rate applies on the intra-community supply of goods, the export of goods, some international transportation and related services. Some financial services, medical services and certain cultural services are exempt, which means that the taxpayer is unable to recover input VAT incurred on the transactions.

Payment

Tax due to the tax authorities is calculated as the output VAT minus the input VAT on purchase invoices. As a rule, the surplus of output VAT over input VAT must be paid within 25 days following the month in which the VAT obligation arose (for small taxpayers, VAT must be paid within 25 days following the quarter in which the VAT obligation arose). If input VAT exceeds output VAT, a VAT refund is generally available. Penalties apply for failure to comply.

5.5 Other taxes

Capital tax

A tax on civil law transactions (TCLT) is levied on certain contracts (and amendments to such contracts if they result in an increase in the base of TCLT), such as sales, loans and donations, mortgages, and the establishment of usufruct, and partnership or company deeds. However, a transaction is not subject to TCLT if at least one of the parties to the transaction is subject to or exempted from VAT, with some exemptions. The TCLT rate varies depending on the type of contract. An increase in a company's share capital is subject to a 0.5% rate, the acquisition of shares is subject to a 1% rate and loans are subject to a 2% rate (except for shareholder loans). Exemptions apply in certain cases (e.g. loan agreements with financial institutions seated abroad).

Poland does not levy a net worth or net wealth tax on companies or individuals.

Local taxes

A number of taxes such as real property tax, road vehicle tax, agricultural tax and forestry tax are imposed by the municipalities within the limits regulated in the law depending on the subject of taxation. The most significant local tax is the real property tax, which is applied to the tax basis constituting an area of a building, land area or the value of a structure (2%).

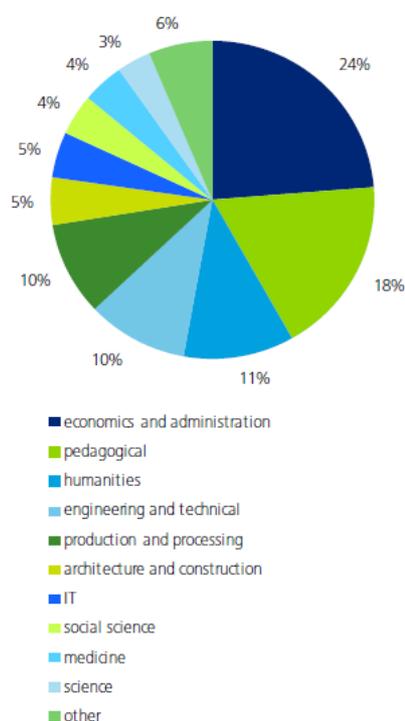
Excise duties

Excise dutiable goods are categorized as harmonized or non-harmonized excise duty goods. Harmonized excise duty goods are subject to special rules in Polish legislation that are based on EC directives. In particular, such goods can be produced only in tax warehouses, and excise duty is due when the goods are moved outside the warehouse (unless they are moved under an excise duty suspension procedure). Excise tax is levied on the producer, importer and seller of non-taxed excise goods, entities providing manufacturing services for the excised goods and other entities explicitly specified by the law.



6. Education

Chart 6.1. Distribution of students per faculty in 2010 in Częstochowa



Source: Hays Poland, 2011 - based on the data from the Central Statistical Office

Training College can also be included, increasing the total number to eight.

Częstochowa University of Technology is the largest institution of higher learning. In 2010 there were 11 854 students in 6 departments. In 2011 the University came 11th in the Ranking of Higher Education Institutions according to *Perspektywy* monthly. With 8377 students, the Jan Długosz University is a second largest state higher education institution. According to *Perspektywy* monthly, it was ranked 10th among higher schools with best faculties of arts and humanities. The remaining institutions include: Polonia University, University of Management, College of Foreign Languages and College of Tourism and Hotel Management.

6.2 Students

According to the Central Statistical Office (GUS), in 2010 the total number of 24 284 people studied at the Częstochowa universities and colleges, with over half of them attending the Częstochowa University of Technology. Chart 6.1 presents percentage distribution of students per faculty.

Nearly one - fourth of the enrolled study at the economic faculties and another quarter at the technical faculties (engineering and technical, production and processing, architecture and construction). Graduates of these faculties will draw attention of employers in BPO/SSC financial centres and R&D centres. Over 1100 students of IT faculties will make good potential employees of companies' IT departments or IT processes outsourcing centres.

Pedagogical faculties and arts and humanities are also popular, with respectively 18% and 11% of students attending; most of them study at the Jan Długosz University and Polonia University.

6.1 Institutions of tertiary education

According to the data from the Central Statistical Office there are six institutions of higher learning in Częstochowa. Major Seminary and Teacher

6.3 Knowledge of foreign languages

One of the skills required by employers, especially those employing graduates, is knowledge of a foreign language, best more than one. In June 2011 Hays Poland conducted a survey among a sample of 100 students. Chart 6.2 presents the results of the survey. Presented data pertains to students declaring at least moderate knowledge of a foreign language.

Majority of respondents speak English; a little over 90% of them claimed they knew that language at an at least moderate level. Nearly 40% of students in Częstochowa declared at least moderate knowledge of German. Fewer respondents claimed familiarity with Russian and French languages, 7,8% and 4,9%, respectively.

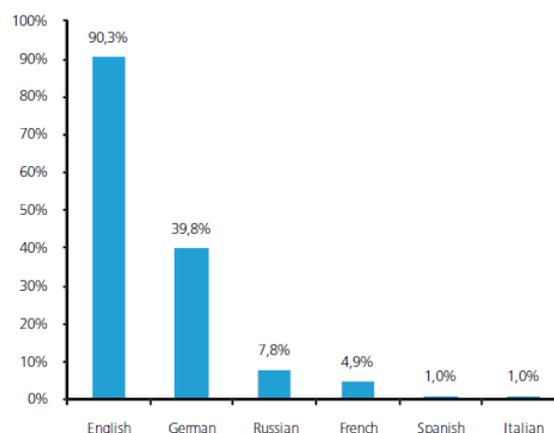
Even fewer students declared knowledge of Spanish and Italian. Given a large percentage of students applying for scholarships in the Scandinavian countries, it can also be expected that some of these people have at least basic familiarity with Scandinavian languages.

Moreover, at some faculties at the Częstochowa University of Technology lectures are run in English. Consequently, graduates of such faculties will have at least good knowledge of this language. Additionally, all graduates of higher learning institutions in Częstochowa take the exam from a chosen foreign language at B2 level.

Chart 6.3 which contains the answers to the question about a most common way of learning a foreign language provides very interesting information. Large majority (62%) of students indicated classes at school/ college as the main source of knowledge of the language. It is particularly pertinent to students of English and German, with the number as high as 79%. In both cases, self- teaching comes second.

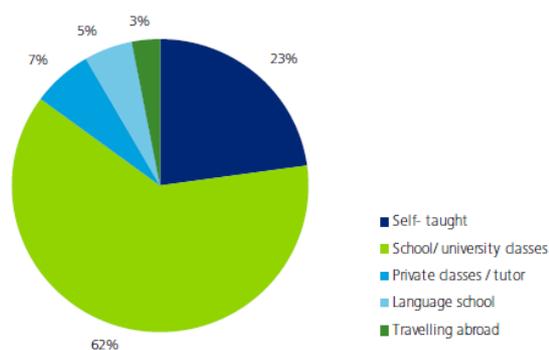
These proportions are however reversed once the remaining languages become the sole subject of the study (i.e. Russian, French, Spanish and Italian). Self- teaching is prevalent, with 68% of students indicating it as the main method of language learning. Other methods are moderately popular. There were not any significant differences between them depending on a chosen language.

Chart 6.2. Knowledge of foreign languages among students in Częstochowa



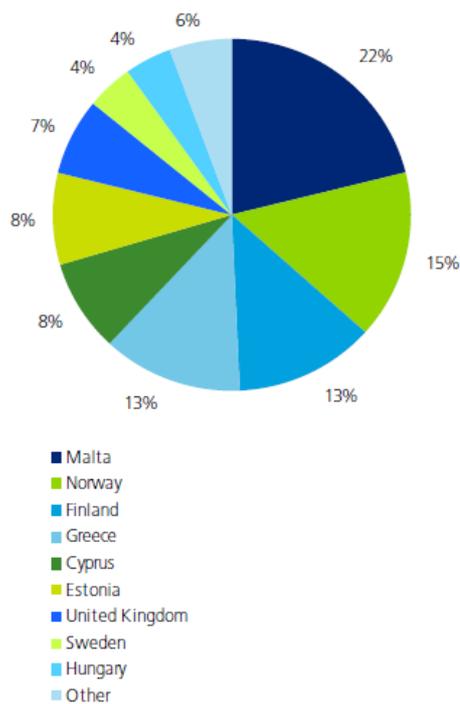
Source: Hays Poland - survey among students, June 2011

Chart 6.3. Methods of learning a foreign language among students in Częstochowa



Source: Hays Poland - survey among students, June 2011

Chart 6.4. Countries of destination within Erasmus scholarship programmes among students in Częstochowa in the academic year 2008/2009



Source: Hays Poland, 2011 - based on the data from the Foundation for the Development of the Education System – FRSE

6.4 Travelling abroad

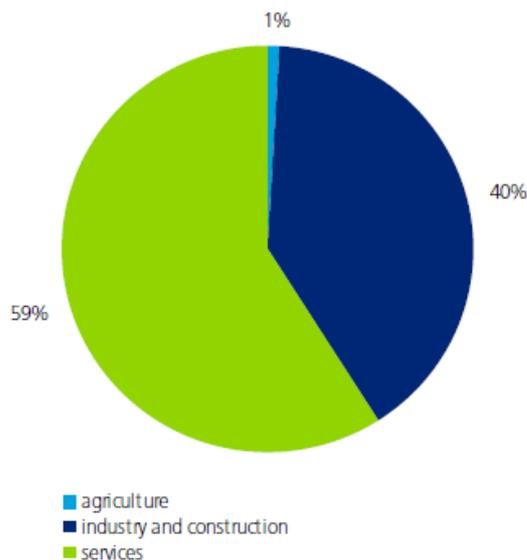
The results of studies conducted by Hays Poland indicate that more and more frequently employers tend to require from their employees not only knowledge of foreign languages but also a familiarity with the culture and tradition of a given country. It considerably facilitates talks with foreign customers and helps to adapt more quickly to a new environment in the event of relocation.

Definitely the best if not the only way to get to know the culture of a given country is to spend some time there. Such opportunity is offered within the student exchange programmes, such as Erasmus or Erasmus Mundus. Students in Częstochowa have also participated in these programmes: 265 students from 4 higher education institutions in Częstochowa took part in academic exchange programmes in the years 2006- 2009.

Chart 6.4 presents percentage distribution of destination countries in the academic year 2008/2009. Malta was the most popular destination, with 22% of students going there within scholarship programmes. Scandinavian countries turned out to be quite in demand, too; 32% of students from Częstochowa chose to go there.

7. Employment

Chart 7.1. Employment structure in Częstochowa in 2009 broken into industries



Source: Hays Poland, 2011 - based on data from the Central Statistical Office

7.1 Employment structure

Chart 7.1 presents an employment structure in Częstochowa at the end of 2009 broken into economic sectors.

The chart clearly demonstrates that the poviát is urban by nature; a little more than 1% of population works in a farming sector. Manufacturing industry employs approximately 40% of population which is a considerable result in comparison with other Polish cities of a similar size. ISD Częstochowa Steelworks has been the biggest employer in this sector, providing workplace to approx. 4500 people which constitutes 14,5% of total number of employed in a manufacturing industry. Another large company in the sector is TRW Automotive, which runs their production facilities of airbags and safety belts in Częstochowa. Apart from the factories employing 2500 people, the company has also set up a European Finance Centre in order to manage key financial operations and accounting procedures of TRW establishments in Europe. In 2011 the Centre employed 150 accountants with a knowledge of German, French, English and Czech. The company has also established in Częstochowa its Research & Development Facility, employing highly qualified engineers of various specialities.

59% of people or more than 45 500 individuals were employed in trade and services in 2009. The number increased by 9,8% in comparison to 2005.

The change of economic structure in Częstochowa over the last 5 years is noticeable: in 2005 the service sector employed 56% of working population. The increase of this number by 3 percentage points over the last 5 years proves that the economy in Częstochowa follows the general trend of service economy; however, it is still heavily reliant on a manufacturing industry. The service sector is largely based on SMEs.

7.2 Unemployment

Chart 7.2 presents the unemployment rate in Częstochowa compared against the level of unemployment in other large Polish cities. Unemployment rate in Częstochowa is high compared to other cities, however it is still lower than an average unemployment rate in Poland which was 12.3% in 2010.

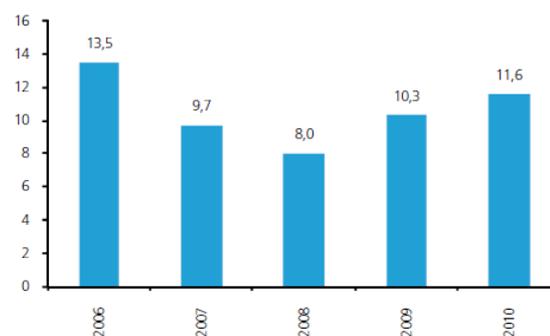
In the years 2006-2008 the rate of unemployment in Częstochowa dropped only to start shooting up in 2008 due to an economic downturn in Poland. Figures of unemployment in all Polish cities matched that trend. It can be expected that the rate of unemployment will stabilize in forthcoming months. Chart 7.3 contains data on changes in unemployment rates.

Chart 7.2. Unemployment rate in selected Polish cities in 2010



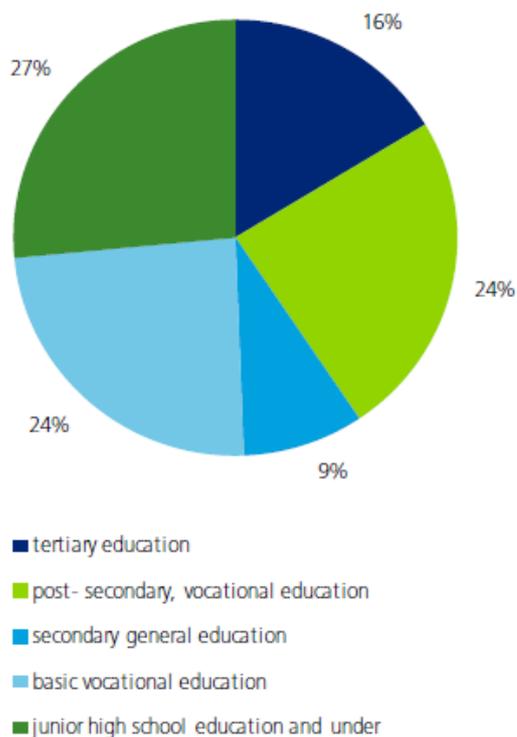
Source: Hays Poland, 2011 - based on data from the Central Statistical Office

Chart 7.3. The rate of unemployment in Częstochowa in the years 2006-2010



Source: Hays Poland, 2011 - based on data from the Central Statistical Office

Chart 7.4. Unemployment structure in Częstochowa in 2010 according to the level of education



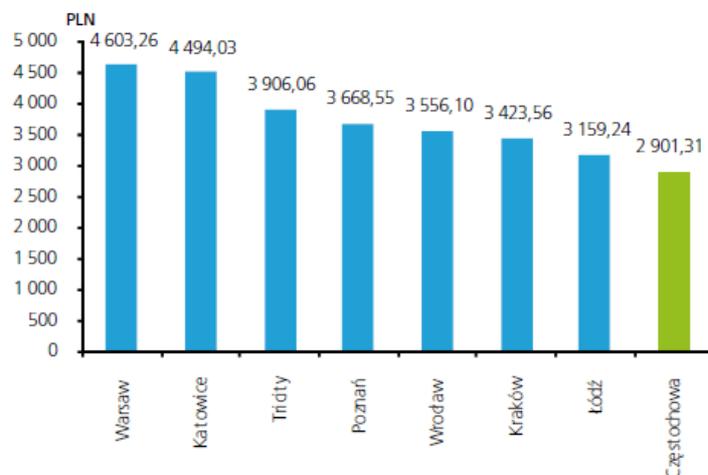
High unemployment figures translate into competitive advantage of Częstochowa and its untapped workforce. Moreover, Chart 7.4 demonstrates that as much as 16% of unemployed hold a university degree which makes them a valuable acquisition to many organisations which might want to set up their businesses in Częstochowa.

7.3 Wages

Chart 7.5 presents average gross monthly wages in Częstochowa compared against other Polish cities. Wages in Częstochowa are the lowest in comparison, constituting 87% of the country's average and only 63% of Warsaw wages, the highest in Poland. Such low average wages work to Częstochowa advantage, making it a right place to set up a business.

Source: Hays Poland, 2011 - based on data from the Central Statistical Office

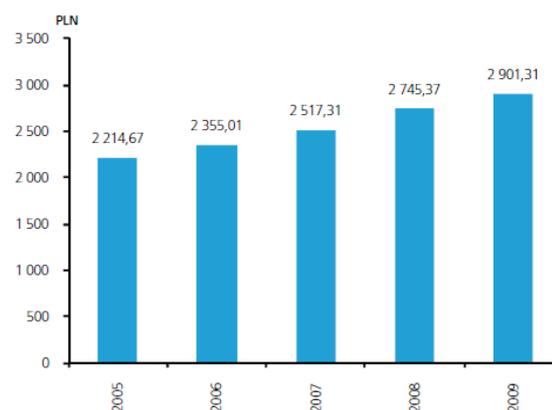
Chart 7.5. Average gross monthly wages in selected Polish cities in 2009



Source: Hays Poland, 2011 - based on data from the Central Statistical Office

Chart 7.6 presents changes in average wages in Częstochowa in the years 2005-2009. Average wages increased each year, with average annual rate of growth at 7 percent.

Chart 7.6. Average gross monthly wages in Częstochowa in the years 2005-2009



Source: Hays Poland, 2011 - based on data from the Central Statistical Office

Tables 7.1-7.3 present gross monthly wages in selected industries in Śląskie Region

Table 7.1. Gross monthly wages in Śląskie Region: HR/Office Support/Call Center, quoted in PLN

Position	Most often offered	Minimum	Maximum
HR			
HR Specialist	5500	4500	6500
HR Manager	12000	10000	15000
HR Director	17000	15000	25000
Recruitment Consultant	5000	3000	6000
Office			
Receptionist	2 000	1 500	3 000
Executive Assitant	6 000	4 000	9 000
Administrative Assistant	3 500	2 500	4 500
Office Manager	6 000	5 000	10 000

Call Center			
Call Center Agent	2000	1500	2500
Call Center Agent (with foreign language)	3000	2000	4000
Customer Service Representative	3000	2200	5000
Call Center Manager	8 000	6000	10 000

Source: Hays Poland, 2011

Table 7.2. Gross monthly wages in Śląskie Region: Sales & Marketing, quoted in PLN

Position	Most often offered	Minimum	Maximum
Sales Representative	4 500	3 000	7 000
Account Manager / Senior Key Account Manager	8 500	7 000	10 000
National Key Account Manager	11 000	9 000	15 000
Area Sales Manager	8 500	7 000	10 000
Export Manager	10 000	8 000	13 000
Sales Director	18 000	11 000	25 000
Sales Analyst	4 200	3 500	5 000
Trade Marketing Manager	12 000	10 000	14 000
Trade Marketing Specialist	6 700	5 000	8 000
Marketing Specialist	4 500	3 000	6 000
Marketing Manager	16 000	12 000	20 000
Junior Brand Manager	7 000	6 000	8 000
Brand Manager	10 000	6 000	15 000
Senior Brand Manager	12 000	8 000	17 000
Product Manager	9 000	7 000	12 000
PR Manager	7 000	5 000	10 000

Source: Hays Poland, 2011

Table 7.3. Gross monthly wages in Śląskie Region: Accountancy & Finance, quoted in PLN

Position	Most often offered	Minimum	Maximum
CFO / Board Member	30 000	20 000	45 000
Finance Manager	19 000	12 000	25 000
Finance Controller	12 000	8 000	15 000
Financial Analyst	6 500	5 000	9 000
Internal Auditor	8 000	6 500	11 000
Accountant	3 500	2 800	5 000
Independent Accountant	5 500	4 000	7 000
Deputy Chief Accountant	7 500	5 000	9 000
Chief Accountant	12 000	9 000	14 000
Leasing Specialist	5 000	3 000	8 000
Credit Analyst	4 500	4 000	5 000
Actuarial Analyst	6 000	5 000	6 500
Actuary	12 000	10 000	20 000
Life Underwriter	6 000	5 000	7 000
Underwriter	5 000	4 500	6 500
Claim Specialist	4 000	3 000	6 000
Stock broker	4 500	4 000	7 000
Investment Analyst	6 000	4 000	8 000
Capital Market Manager	11 000	9 000	22 000
Tax Advisor	11 000	9 000	14 000
In-house Lawyer	10 000	7 000	12 000
Law Department Coordinator	18 000	12 000	26 000
Junior Lawyer	4 000	3 000	7 000
Associate Lawyer	6 000	4 000	7 000
Senior Lawyer	7 500	5 500	9 500
Tax Manager	13 000	15 000	22 000
Tax Specialist	6 500	4 500	9 000

Source: Hays Poland, 2011

8. Real estate – prices comparison

Investment land - purchase

Inner centre	1000 – 2000 zł/m ²
Centre	400 – 800 zł/m ²
Zone II	150 – 300 zł/m ²
Zone III	50 – 200 zł/m ²

Residential premises

Rental		PLN 20 – 30 /m ²
Purchase	Secondary market	PLN 3.5 – 5.5 thousand /m ²
	New premises	PLN 5 - 8 thousand /m ²

Commercial premises rentals

Municipal property	
Commercial zone	
Zone I	PLN 41.71 net / m ²
Zone II	PLN 24.69 net / m ²
Zone III	PLN 9.76 net / m ²
Private property	
Commercial property	
City Centre	PLN 30 – 100 net / m ²
Zone II and III	PLN 26 – 50 net / m ²
Market halls	PLN 10 – 15 net / m ²
Office space	
City Centre	PLN 30 – 50 net / m ²
Zone II and III	PLN 15 – 40 net / m ²



Source: City Hall of Częstochowa, Department of City Development, 2011

9. Local taxes and fees

Local taxes and fees

Selected real property tax rates

Tax	Tax amount per 1 m ² of useable space (PLN)
On residential buildings or a parts thereof	0,7
On buildings intended solely as storage of fuel by tenants residing in multi-tenant buildings without basements	0,67
On buildings or parts thereof intended for commercial purposes and on residential buildings or parts thereof occupied for commercial purposes	21,8
On buildings or parts thereof used for commercial purposes in respect of health services, occupied by entities providing such services	4,45
On buildings or parts thereof used for business activities in respect of trade in certified seed	10,24
On other buildings or parts thereof, including buildings occupied by public benefit organisations for statutory activities in respect of paid public benefit services	7,36
On structures	2% of the value determined on the basis of Art. 4.1.3 and points 3-7 of the Act on local taxes and fees
On land used for business activities, irrespective of the classification in the land and property register	0,84
On land under lakes, water reservoirs or water power plants	4,33
On other land, including land occupied by public benefit organisations for statutory activities in respect of paid public benefit services	0,43

Source: City Hall of Częstochowa, Department of City Development, 2012

Taxes on vehicles

α) trucks

Registered gross weight	Tax (PLN)
3.5 to 5.5 tonnes	770.00
5.5 to 9 tonnes	1,300.00
9 to 12 tonnes	1,560.00
12 to 29 tonnes	2,320.00 – 2,970.00*
29 or more	2,800.00 – 2,970.00*

*depending on the number of axles and axle suspension system
Source: City Hall of Częstochowa, Department of City Development, 2012

β) a tractor unit or a ballast tractor with a gross vehicle weight rating of

Registered gross weight	Tax (PLN)
3.5 to 12 tonnes	1,750.00
12 to 31 tonnes	2,140.00 – 2,300.00*
31 to 36 tonnes	2,140.00 – 2,300.00*
36 to 40 tonnes	2,700.00 – 2,970.00*
more than 40 tonnes	2,970.00

*depending on the number of axles and axle suspension system
Source: City Hall of Częstochowa, Department of City Development, 2012

χ) busses, depending on the number of seats

Number of seats	Tax (PLN)
Less than 15	1,200.00
15 to 29	1,820.00
30 or more	2,300.00

Source: City Hall of Częstochowa, Department of City Development, 2012

Utility prices for businesses

a) water/sewage

Supplier	waste – net price (PLN)	water – net price (PLN)
Częstochowskie Przedsiębiorstwo Wodociągów i Kanalizacji	5.99/m ³	3.14/m ³
Zakład Elektroenergetyczny „Eisen” SA	1.21/m ³	2.10/m ³ – big industrial clients 2.54/m ³ – industrial and non-industrial consumers

Source: City Hall of Częstochowa, Department of City Development, 2011

b) heating from heating network

Supplier	Heat – net price (PLN)	Heating power – net price (PLN)
Zakład Elektroenergetyczny „Eisen” SA	19.22/GJ	4,168.72 /MW/month
Fortum Power and Heat Polska Sp. z o.o.	39.45/GJ	13,437.43 /MW/month

Source: City Hall of Częstochowa, Department of City Development, 2011

c) gas

Supplier	Gas – net price (PLN)
Zakład Elektroenergetyczny „Eisen” SA	1.0415/m ³
Górnośląska Spółka Gazownicza	1.0465 /m ³

Source: City Hall of Częstochowa, Department of City Development, 2011

10. Attractive conditions for new investments

10.1 Investment incentives

Enterprises that invest or expand their activity in Poland may apply for various types of tax and nontax investment incentives such as investment grants, training grants, tax exemptions and many others. Support comes from both domestic and European Union sources. Investment incentives constitute aid that is non-refundable and free of additional costs. Grants are credited to the investors' account after the completion of the investment.

10.2 EU funded aid

In the programming period 2007-2013, Poland is the major beneficiary of EU funds. The budget set for support for investments in Poland is several times higher than allocation for previous years (2004 – 2006), and it amounts to EUR 67 billion. So far significant amount of EU funds has been distributed however **there are still some possibilities for enterprises in terms of applying for grants, also in Slaskie region:**

Types of investment supported by the EU funds	
Technology innovation	Implementation and commercialization of innovative technologies/products in SME
Trainings	Employees training, including e-learning and related HR advisory support
Research & Development	R&D goal oriented projects
Service centers	Investments in the modern services sector (Shared Service Centers, IT and R&D centers) ¹

So far many enterprises from Slaskie region have successfully applied for EU funds for various types of projects. Total value of subsidies granted in Slaskie region amounts to ca **PLN 3,5 bn for**

¹ Providing the additional budget will be reallocated – at the moment the calls for applications are closed

entrepreneurs' investment and R&D undertakings and ca **PLN 390 M for human capital development in enterprises**. In terms of new technologies and R&D (examples):²

- Fiat Powertrain – PLN 85 M subsidy;
- Brembo – PLN 55 M subsidy,
- General Motors – PLN 52 M subsidy,
- Stolze – PLN 33 M subsidy,
- European Silicon – PLN 8 M subsidy.

Grants for employees' trainings (examples):³

- DB Schenker Rail – PLN 2,7 M subsidy.
- Saint-Gobain – PLN 2 M subsidy
- Milmex – PLN 3 M subsidy;

10.3 SEZ exemptions from CIT

Tax incentives in the form of CIT exemption are available for investors in Special Economic Zones in Poland. Special Economic Zones (SEZs) are designated areas in which business activities (manufacturing and service provision) can be conducted on advantageous terms. In order to benefit from tax incentives in SEZ, the new investment project has to be located within a SEZ and a special permit has to be obtained from the SEZ Management.

In Częstochowa there is a subzone of The Katowice Special Economic Zone - Sosnowiec-Dabrowa Subzone. It is situated on the areas of two large, neighboring cities: Sosnowiec and Dąbrowa Górnicza, located in the eastern part of the Silesian Province. In the year 2000 the industrial sites in Częstochowa were attached to the Subzone. The Subzone is typical for its territorial dispersal of the plots and their location in the close proximity to the of restructured companies. The advantage of such location is highly developed technical and road infrastructure of the plots within the Subzone's investment offer. The investment offer of the Subzone includes 406 ha for sale.

²Source: www.mapadotacji.gov.pl

³

KSEZ have acquired so far over **170 business entities**, out of which more than 100 have already started operation, while others are at various stages of their projects development. In total the companies have invested more than **EUR 3.5 billion** and have created over **37 000 new jobs**.

The application procedure takes approximately 1-2 months, including preparation of relevant documents. An investor should spend at least EUR 100k while the new employment level is usually negotiated with the Management of the SEZ selected by the investor.

Additionally, for specific project types, SEZ area may be extended in order to cover the project location (SEZ enlargement).

According to the Act on SEZ, eligible activities include both manufacturing (such as automotive, household appliances, plastic products, wooden products, metallic and non-metallic products) and services (also modern services, such as: R&D, IT, BPO, call centers). Tax incentives in SEZ (CIT exemption) are recognized as regional aid and they cannot exceed the maximum aid intensity for a given region of Poland (see the Regional Aid Map). Eligible expenditures covers investment expenses for tangible and intangible assets. Alternatively, eligible expenditure can be calculated based on two-year labor costs of newly employed staff. Such an amount can be utilized with regard to investor's SEZ permit specified operation until the end of SEZ existence (now up to 2020).

10.4 R&D Tax incentives

Investments concerning the purchase of new technology as well as undertakings regarding R&D centers may benefit from the tax incentives by the decrease of the tax base.

The company investing in new technology (especially R&D results in the form of intangible assets i.e. licenses, patents etc.) that is not used for more than 5 years worldwide and resulting in the production of new or improved products or services may benefit from the decrease of CIT tax base of up to 50% of initial value of purchased R&D works results.

Should the Company be granted R&D centre status (after fulfillment of specific formal conditions), it may benefit from the decrease of CIT tax base of up to 20% of income (write-off for an innovativeness fund). The crucial requirement is preserving the ratio of incomes from sales of the company's own R&D services or industrial property rights at least on the level of 20%. Moreover, the Company must yield net income of min. EUR 1,2 M for the last financial year.

10.5 Real Estate Tax (RET) exemption

Czestochowa City Council decided to grant RET (Real Estate Tax) exemption to investors who create at least 1 job (for duration of 3 or 5 years) and invest in the area of Czestochowa City, where investor's own contribution level is at least 25%. The RET exemption cannot exceed EUR 200 thousand. Real estate tax exemption is offered for at most 10 years, depending on eligible costs or size of the company (for small and middle business). Exemption from property tax (regional aid) has also to investors who pursue new investments in the city and create new jobs

The aid can be calculated in relation to:

- 1) The cost of investment in fixed assets and intangible assets that are related to the implementation new investment, or
- 2) the cost of creating jobs associated with new investment, the cost per one job can not be higher than 10 000 zł.

The aid intensity can not exceed 50% of eligible investments or 2-year labor cost new workers

10.6 Powiat Labour Office in Czestochowa

Powiat Labour Office offers different forms of help for investors including: internship at the employer's seat, odd jobs, cost reimbursement of full or partial equipment of a work – stand, cost reimbursement by virtue of the paid social insurance, trainings.



11. Business surrounding

Institutions of business environment

Institutions of business environment	Aim of activities	www
Regional Development Agency in Częstochowa	Providing services for investors and promotion of positive regional business climate	www.arr.czystochowa.pl
Chamber of Craft and Entrepreneurship in Częstochowa	Legal protection and representing of members interests	www.cirzem.pl
Economic-Social Forum at the President of the City Częstochowa	-	www.rg.czystochowa.um.gov.pl
Business Centre Club in Częstochowa	Platform of social dialog	www.bcc.org.pl/Loza-Czystochowska
Regional Chamber of Industry and Commerce	Representing of an economic interests of the chambers members	www.riph.czyst.pl
Local Employers Organisation	Trainings and legal support for local enterprises	www.rop.bigduo.pl
Częstochowa Industrial Park	Stimulation of business development of Częstochowa, and indirectly also the Częstochowa sub-region	www.czpp.com.pl

12. Contact

City Hall of Częstochowa

ul. Śląska 11/13
42-217 Częstochowa
Tel.: +48 (34) 370 71 00
www.czestochowa.pl

Investor Assistance Center

Sławomir Węglewski
Manager of IAC
Tel.: +48 (34) 370 72 13
e-mail: sweglewski@czestochowa.um.gov.pl
rm@czestochowa.um.gov.pl

Deloitte Poland

Office in Katowice
ul. Uniwersytecka 13
40-007 Katowice
Tel.: + 48 (32) 603 03 31
www.deloitte.com/pl

Tomasz Konik

Partner
Tel.: +48 (32) 603 03 35
e-mail: tkonik@deloitteCE.com

Hays Katowice

ul. Chorzowska 50
40-121 Katowice
Tel.: +48 (32) 603 7480

Robert Blazyca

Regional Director
Tel.: +48 667 807 408
e-mail: blazyca@hays.pl



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