Retailer's guide to Poland

2026

Contents

The information in this publication is for general guidance only and does not purport to constitute legal or professional advice.

The information is current as of 1 March 2026.

Introduction

Poland has firmly established itself as one of the most dynamic and fastest-growing retail markets in the European Union. With a population of nearly 38 million consumers, a strategic location at the crossroads of Western and Eastern Europe, and a continuously modernising legal framework aligned with EU standards, the country offers compelling opportunities for retailers seeking to expand their footprint across the continent.

This guide is designed to help you navigate the legal complexities related to launching your business in Poland with confidence.

Across eight chapters, it provides a practical, business-oriented overview of the key legal and regulatory considerations relevant to retailers operating in Poland - from market entry structuring and commercial leasing, through employment and tax, to consumer law, competition compliance, branding, advertising and the sale of regulated goods. Each section reflects the legal landscape as at 1 March 2026 and is grounded in the day-to-day experience of advising clients active in the retail sector.

Whether you are an international retailer exploring Poland for the first time or an established market player adapting to ongoing regulatory changes, this guide is intended to serve as a reliable and practical point of reference.

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Establishing a business

Subsidiary or branch office?

Entities from the European Economic Area ("**EEA**") and some other countries are permitted to undertake commercial activity on the same conditions as Polish citizens and companies. The freedom to establish and conduct business granted to entities registered outside the EEA differs slightly, but there are no significant barriers to successfully running a business in Poland.

Businesses registered in the EEA may conduct retail activities through a branch office or a subsidiary. Those from outside the EEA may operate through branches only if the legislation of the country in which they are registered allows Polish investors to establish branch offices there (reciprocity).

Apart from establishing a branch office or a subsidiary, retailers can sell their goods through franchisees or other distributors.

Most common forms of business entity

Retailers usually operate through a limited liability company (*spółka z ograniczoną odpowiedzialnością*, abbreviated to *sp. z o.o.*) or, far less frequently, through a joint stock company (*spółka akcyjna*, abbreviated to *S.A.*). The Sp. z o.o. is the Polish equivalent of an English private limited liability company, a French société à responsabilité limitée (SARL), or a German Gesellschaft mit beschränkter Haftung (GmbH). The S.A. is the equivalent of an English public limited company (plc), a French société anonyme (SA), or a German Aktiengesellschaft (AG).

Both types of companies are separate legal entities that come into full existence on registration but may start trading beforehand (see below about companies in organisation) and are operated by their governing bodies. The shareholders are not responsible for the company's debts.
Only one founder is needed to establish either an Sp. z o.o. or an S.A. However, a single shareholder limited liability company (whether Polish or foreign) cannot incorporate a single shareholder Sp. z o.o. or S.A. in Poland. This restriction does not apply to a single shareholder joint stock company, which may incorporate a single shareholder Sp. z o.o. or S.A. Following formation, it is nevertheless possible to complete a share transfer that results in all the shares in a company being held by a single shareholder limited liability company.

The corporate governance system follows the German model (two-tier board structure), whereby the business of the company is run by its management board, which is generally supervised by a supervisory board (in most cases, the supervisory board is not obligatory in an Sp. z o.o.) or the shareholders. A management board may consist of one or more members, and a supervisory board is composed of at least three members (five in a listed S.A.). The members of the corporate bodies are subject to annual approval by the general meeting of shareholders (AGM).

» *The Sp. z o.o. is a very flexible vehicle: it is subject to a minimum capital requirement 20 times less than an S.A. (PLN 5,000, the equivalent of approx. EUR 1,200, for an Sp. z o.o. as opposed to PLN 100,000, the equivalent of approx. EUR 23,000, in an S.A.), and requires fewer formalities in its formation and subsequent operations. An Sp. z o.o., however, cannot be listed on a stock exchange.*

The Sp. z o.o. offers its shareholders more insight into its operations than an S.A. Shareholders of an Sp. z o.o. may demand that the company be put into liquidation, they can attempt to exclude other shareholders from the company (subject to certain restrictions), and there are more limitations on share transfers. In addition, as opposed to the S.A., in-kind contributions to the share capital of an Sp. z o.o. do not have to be audited. Moreover, the annual financial statements do not have to be audited if they are below a certain level of net income, employment and balance-sheet sum.

The S.A. is intended for investments of a larger scope and degree of sophistication. In principle, shareholders in an S.A. do not have the right to personally inspect the company's activities, limitations on the transfer of shares are restricted to a certain extent, and the S.A.'s financial statements and in-kind contributions to its share capital must be audited. An S.A. can be admitted to trading on a stock exchange. An S.A. is also open to more sophisticated forms of equity financing. All S.A.s are required to have a website and place there all announcements relevant from the shareholders' perspective. Since 2021, shares in S.A.s have had a

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dematerialised form. They are registered in an electronic shareholders' register kept by an entity that is authorised to keep securities accounts (brokerage house or the Central Securities Depository of Poland).

Since 1 July 2021, a new type of a company has been available: the simple joint stock company (*prosta spółka akcyjna*, abbreviated to *P.S.A.*). The reason for creating this new vehicle was to provide a less formal form of conducting business. There are fewer formal requirements connected with establishing a P.S.A. compared both to the Sp. z o.o. and the S.A. In practice, the P.S.A. might be an attractive form for start-ups as its minimum share capital can be just PLN 1.00 (around EUR 0.20). Shares in a P.S.A. are dematerialised and are registered in an electronic shareholder register kept by an entity that is authorised to keep securities accounts. There are also some new solutions, e.g. the possibility to take up shares in consideration for services or work provided to the company, which is not allowed in the case of Sp. z o.o. and S.A.

Shareholders of the P.S.A. may choose to adopt a two-tier board structure (a management board and an optional supervisory board) or a one-tier board structure, with the board of directors being the only governing body. In the latter case, the board of directors has both management and supervisory functions, and may consist of one or more directors. In the case of more than one director, the internal regulations of the P.S.A. may establish executive (management of the company's affairs) and non-executive officers (constant supervision over the company's affairs).

The simple joint-stock company (P.S.A.) has been gradually gaining in popularity, particularly among start-ups, venture capital-backed businesses and technology companies, due to its flexibility and reduced formal requirements compared to the Sp. z o.o. and the S.A.

Group of companies

On 13 October 2022, the provisions concerning the group of companies entered into force. Since then, a group of companies may be officially established by adopting the resolution of the subsidiary and registering it in the National Court Register. Creating a group of companies makes it possible to pursue mutual interests by strengthening the control that the parent company has over its subsidiary, as the parent company is able to issue binding instructions regarding the management of its subsidiary's affairs. The parent company may, however, be liable for damage caused by the execution of such a binding instruction.

In practice, the use of the formal group of companies regime remains limited as many businesses continue to operate within informal group structures. However, the framework may be increasingly considered in regulated sectors and in more complex group structures.

For a more detailed overview of the provisions concerning groups of companies, please also see section 1.1.7 below.

Ultimate beneficial owners

Each company and partnership registered in Poland is obliged to submit information about its ultimate beneficial owners (UBO), i.e. the individual person(s) who ultimately own(s) or control(s) the company, to the electronic register established for that purpose (UBO Register). As a standard, the UBO is the person who holds (directly or indirectly) the ownership right to more than 25% of the total number of the company's shares.

If it is impossible to identify that person, then the company will identify as the UBO a person holding a senior management position, i.e. management board members. Newly founded entities are obliged to report their UBO(s) within 14 business days from registration. Any changes relating to UBOs should be reflected in the UBO Register within 14 business days from the day on which the change becomes effective. The submission can be completed by persons authorised to represent the company and in accordance with its representation rules only (in general, these will be members of the management board). It cannot be filed by an attorney-in-fact.

It is critical to fulfil this obligation as the penalty for a failure to declare or update the UBO within the time limit, as well as providing incorrect information, may be up to PLN 1,000,000 (approx. EUR 234,000).

The UBO Register is available electronically, free of charge.

In recent years, increased regulatory scrutiny and increasingly complex bank KYC procedures have led to a more rigorous approach to UBO identification and reporting. Companies should ensure that UBO disclosures are regularly reviewed and aligned with actual ownership and control structures.

Tax transparent entities

Partnerships (i.e. entities with no separate legal personality) are transparent, which means that income tax is levied at the level of the partners. However, a partnership of foreign partners in Poland will usually constitute a permanent establishment of the partners, thus the partnership's income will be taxable in Poland. Since 2021, limited partnerships have been subject to income tax and, because of this, limited partnerships have had to pay income tax on their income. Limited partnerships normally pay 19% income tax. However, if the partnership holds the status of a small taxpayer and its income in the current tax year does not exceed EUR 2,000,000, it can benefit from a preferential CIT rate of 9%.

In addition, new tax changes as part of the "Polish New Deal", came into force on 1 January 2022. The new regulations had a significant impact on the taxation of limited partnerships' business. Some of the most important changes were: (i) non-tax-deductible and income-proportional health contributions; and (ii) the possibility for limited partnerships to benefit from "Estonian CIT".

Limited partnerships' partners are charged a flat health contribution of 9% of the assessment base. The basis for calculating the health contribution is the amount of the average monthly salary announced by the CSO for the fourth quarter of the previous year. In 2026, the base is PLN 9,228.64, with each monthly health contribution amounting to PLN 830.58.

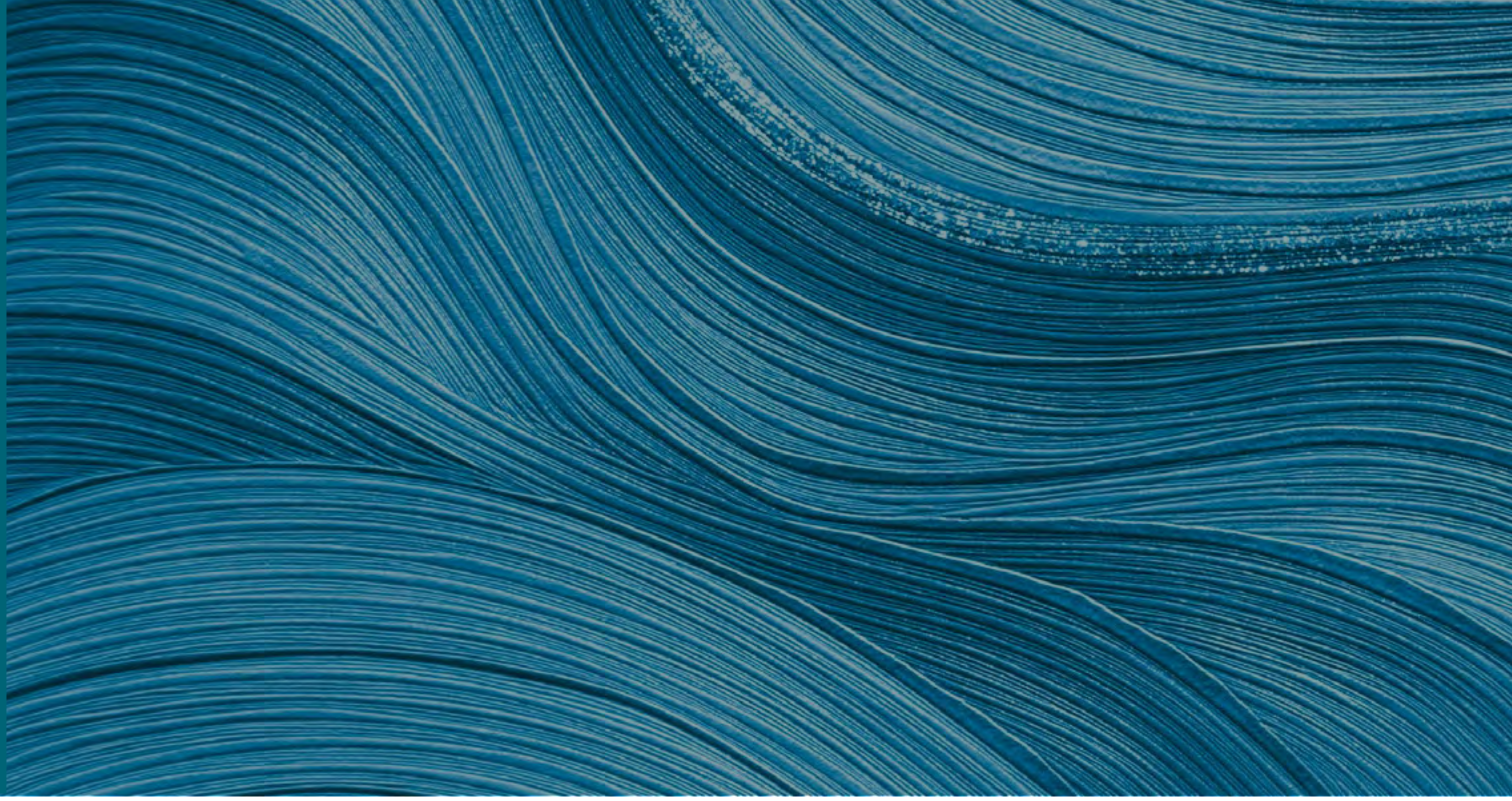
The Polish New Deal provides limited partnerships with the option to benefit from lump-sum corporate income taxation, known as Estonian CIT. The main feature of the Estonian CIT taxation model is that no tax is due until the profit is distributed. Therefore, if no profit is distributed from the company, the company does not need to pay any income tax. Such arrangement differentiates this model from company taxation under the general rules, where the company's profit is subject to income tax regardless of whether it is distributed to the partners or stays in the company.

Partnerships are based on a co-operation agreement between two or more individuals or companies. It is not possible to have a partnership with a single partner. The most important types of commercial partnerships are: a registered partnership (subject to certain exceptions, unavailable to entities from outside the EEA) and a limited partnership. It is compulsory to register a partnership before starting to trade.

Partnerships are separate entities from their partners, but are not legal entities like the Sp. z o.o., P.S.A. and S.A. Every partner, except for a limited partner in a limited partnership, is liable for the partnership's obligations, without limit and with all personal property, jointly and severally with the remaining partners and with the partnership. However, a partner's liability is subsidiary, which means that a creditor of the partnership may carry out an execution from a partner's assets only if execution from the partnership's assets proves ineffective.

Branch office

Retailers wishing to invest in Poland without incorporating a partnership or a company may do so



through a branch office. A branch does not have a legal personality separate from its parent company, therefore all of its activity is performed on behalf and on account of the parent company. The branch can start doing business once it is registered in Poland. When establishing a branch, the foreign company is obliged to indicate a person who will be entitled to represent the branch office in Poland, and this person can be a Polish citizen or a foreigner.

The income of a foreign company acting in Poland through a branch will usually be subject to tax in Poland. This is because the branch will usually constitute a permanent establishment of the foreign company.

What to choose?

The decision whether to operate via an Sp. z o.o. or a branch office, which are the most flexible forms of running a business in Poland, depends on various factors. The most important are tax benefits and the level of control that the parent company wishes to exercise over the business in Poland. As an Sp. z o.o. is a separate legal entity, the financial exposure of the parent company is capped up to the amounts invested in the Sp. z o.o. In the case of a branch office, the financial exposure is unlimited, as the branch office is in fact a part of the parent company, where the local director of the branch contracts on behalf of the parent company.

In practice, the establishment of a branch office is a less common form for foreign entities operating in Poland than the incorporation or acquisition of an Sp. z o.o. One of the reasons for not choosing this form is the fact that it is not comprehensively regulated under Polish law.

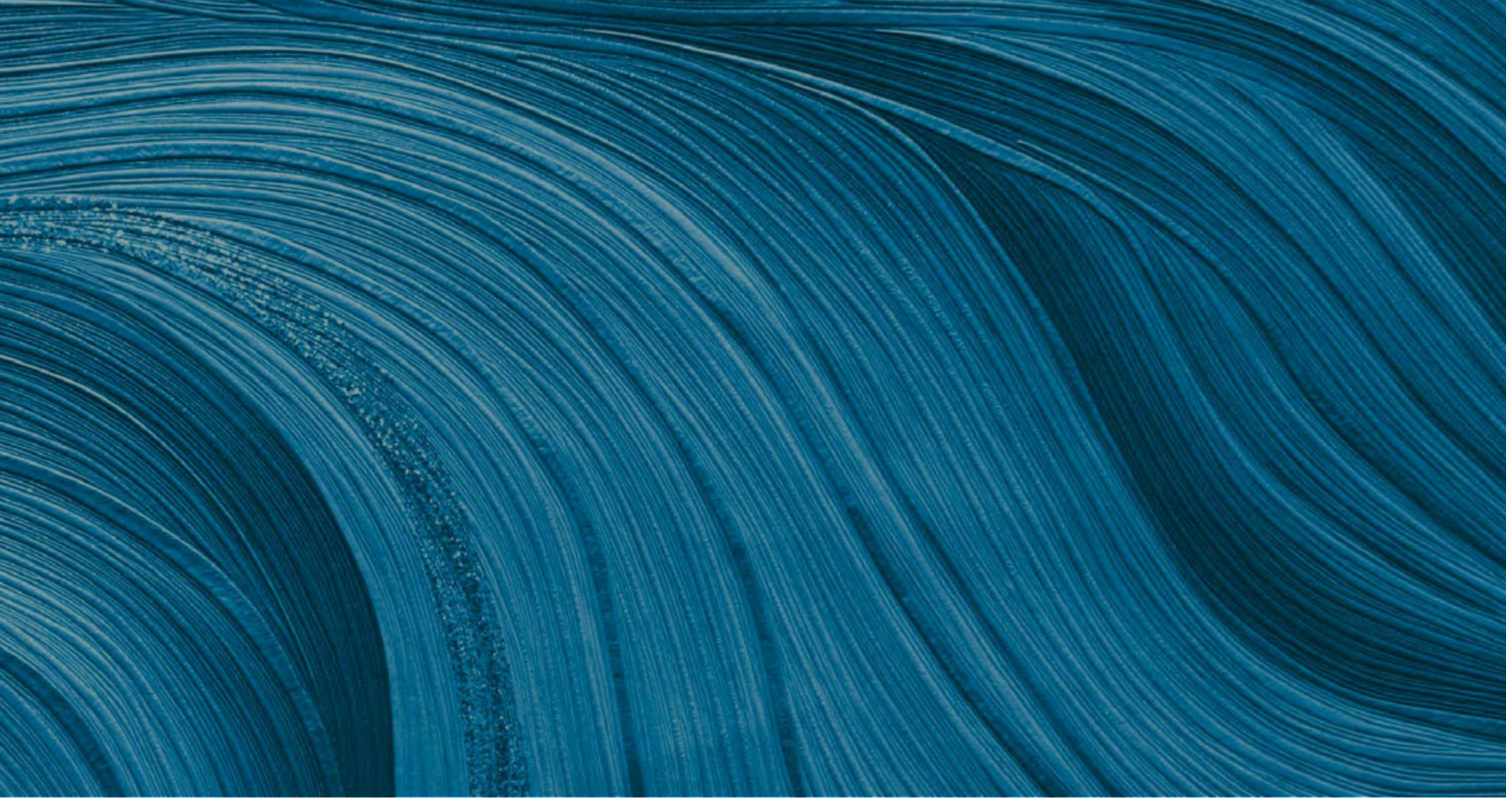
Changes introduced in recent years

In recent years, the Polish Commercial Companies Code has undergone significant changes, in particular regarding group structures, reorganisations and succession planning. These regulations are now fully in force and form an integral part of the legal framework.

The Commercial Companies Code provides for a formal regime governing groups of companies (holding law). Companies participating in a group may follow a common interest defined by the parent company. The parent company is entitled to issue binding instructions to its subsidiary, subject to statutory limitations and safeguards. The exercise of such powers may give rise to liability of the parent company for damage caused to the subsidiary or its shareholders. Participation in a group requires a resolution of the subsidiary's shareholders and disclosure in the National Court Register.

Polish law also provides for comprehensive rules on both domestic and cross-border reorganisations, including mergers, divisions and transformations. These regulations cover, among others, cross-border conversions and divisions, as well as simplified merger procedures. A specific form of reorganisation, namely a division by spin-off, is available and allows for the transfer of part of a company's assets to another entity in exchange for shares taken up by the dividing company itself.

In addition, the Polish legal system includes the institution of a family foundation, which is increasingly used as a tool for succession planning and asset protection. A family foundation is a separate legal entity established to hold and manage assets, and to provide benefits to designated beneficiaries. It may be established by one or more founders, including in a will.



Upcoming amendments to the Commercial Companies Code (2026/2027)

Further amendments to the Polish Commercial Companies Code were published in the Journal of Laws on 17 February 2026, with the majority of provisions entering into force on 18 February 2027 (subject to limited exceptions).

The amendment introduces additional obligations for S.A.s and P.S.A.s, in particular regarding the transparency of shareholder registers and the adaptation of statutory terminology to the dematerialised form of shares. Under the new rules, S.A. and P.S.A. companies will be required to disclose information in the National Court Register on the entity maintaining the shareholder register or recording shares in the securities depository. This measure is intended to enhance the security and transparency of transactions by enabling shareholders, investors, creditors and public authorities to identify the relevant register-keeping entity and to verify compliance with statutory obligations.

Transitional provisions provide that S.A. and P.S.A. companies will have three months from the entry into force of the amendment to submit the relevant information to the National Court Register, together with a management board statement confirming that an agreement for maintaining the shareholder register (or participation in the depository system) has been concluded. Failure to comply may result in coercive proceedings and fines under the regulations governing the National Court Register.

In addition, entities maintaining shareholder registers will be required to notify the National Court Register of the termination of an agreement with the relevant company within seven days, to prevent gaps in the registration of shares.

The amendment also removes all references to registered shares (*akcje imienne*) from the Commercial Companies Code. Following the mandatory dematerialisation of shares, this distinction has lost its practical relevance. As a result, preferential rights attached to shares will no longer be linked to the concept of registered shares, and statutory provisions will be aligned with the current legal and operational framework.

According to the transitional provisions, companies will be required to adjust their statutes to the new terminology related to shares (*akcje*) within two years from the entry into force of the amendment. This adjustment is of a technical nature that does not introduce new rules on share preference rights, but which is intended to eliminate outdated legal concepts and ensure consistency with the dematerialised system of shares.

Time factor and formalities

Time

A retailer that wants to enter the Polish market may either purchase a shelf company from a firm that provides such services or establish a new company or a branch. Establishing an Sp. z o.o., a P.S.A., a partnership or a branch takes approximately four weeks, whereas establishing an S.A. might take longer, depending on the procedure chosen by its founders. A limited liability company, a simple joint stock company, a branch, a registered partnership and a limited partnership may also be incorporated online (e-company). Establishment is complete when the new entity or branch is registered with the National Court Register. Only an Sp. z o.o., a P.S.A. and an S.A. can start doing business before registration. If a company is not registered within six months of signing the company's deed, it must be wound up.

Formalities

Establishing a company or a branch office involves compiling the necessary documents, executing the company's deed before a notary public (except for a registered partnership or a branch office), and filing an application to register the entity in the National Court Register. In addition, the entity has to be registered with the statistical office and the tax office. The relevant applications can be filed together with an application to the National Court Register. Law firms in Poland usually handle the establishment of a subsidiary or a branch, and there is no need to travel to Poland, though certain documents will have to be executed abroad and sent to Poland.

Considering the digitalisation of public services, management board members/directors of Polish companies will have a qualified electronic signature, or a signature certified by the ePUAP trusted profile, for the purpose of signing e.g. e-financial statements or UBO declarations.

The National Court Register (*Krajowy Rejestr Sądowy*)

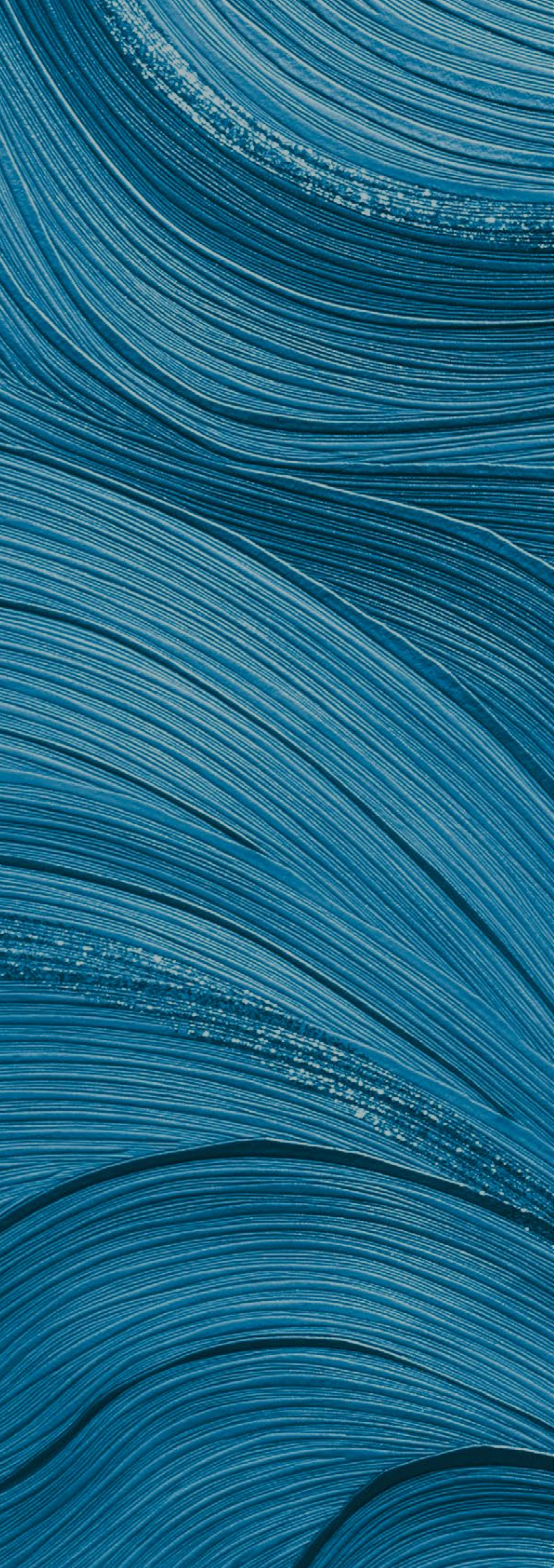
The National Court Register (the "**Register**") is an electronic database for the entire country of Poland, maintained by 21 district courts in Poland. The Register provides easy access to reliable information on the legal status of a business partner or its main details. Since 1 July 2021, registration files have been maintained in electronic form only. This means that applications for entries in the Register, as well as all court decisions concerning registration proceedings, are submitted and issued via the electronic system.

Under the applicable legal framework, entities applying for registration are required to indicate an electronic address for official correspondence. Entities already entered in the Register were obliged to disclose such electronic address by the statutory deadline, which has now passed.

Official information for foreign investors relating to the registration of an entity can be found at [Business registration | Biznes.gov.pl]

Companies in organisation

An Sp. z o.o. and a P.S.A. after its deed has been signed, and an S.A. in which all shares have been subscribed for, are considered companies 'in



organisation' and may start trading before the share capital has been paid and registration completed. An application to register a company in organisation must be filed with the Register within six months, or the company must be liquidated.

Persons acting on behalf of a company in organisation are personally liable for its obligations, together with the company. Shareholders of a company in organisation are liable jointly and severally with the company, but only up to the amount of their contribution to the share capital that has not yet been paid. Once the company is registered with the National Court Register, it assumes all the rights and obligations of a company in organisation, and the liability of the above persons to the company ends.

Funding the business

There are many ways of financing commercial activity. The most common forms are contributions to the share capital, shareholders' loans and, in the case of an Sp. z o.o., "additional payments". Both an Sp. z o.o. and an S.A. may allot shares at a premium to nominal value. The basic rate of stamp duty on share capital contributions is 0.5% on the nominal value of the shares issued. Applicable regulations exempt shareholders' loans from stamp duty.

Loans granted by shareholders to a capital company within five years before the bankruptcy filing may be claimed with interest in bankruptcy proceedings. Nevertheless, in practice it may be difficult to recover the money, as shareholders may seek repayment of the loan in the last category.

An Sp. z o.o. may raise additional funds from shareholders in the form of additional payments (*dopłaty*). As a rule, additional payments can be repaid to shareholders if the company is not required to cover a loss, but not earlier than one month following a public announcement about repayment. Additional payments, unlike shareholders' loans, are subject to 0.5% stamp duty.

The financing of a branch is more straightforward. The transfer of money between the foreign company and its branch should not be accounted as income and cost elements, but rather as internal flows.

Taking profits

Dividends

This is the traditional way of repatriating money, depending however on the subsidiary having made a profit during the last financial year. Dividends paid by a Polish company to a foreign parent company are subject to 19% withholding tax in Poland. However, an EU-based/EEA-based parent company is exempt from this withholding tax if certain conditions are met or subject to exclusion/reduced withholding tax rates under the applicable Double Tax Treaties.

Dividend payments from a Polish entity to an EU-based/EEA-based parent company are exempt from withholding tax if all the following conditions are met: (i) the EU-based/EEA-based parent company is subject to income tax on its total income, regardless of the place of its generation in Poland or another EU or EEA member state; (ii) the EU-based/EEA-based parent company has held (on the basis of an ownership title) at least 10% of the share capital of the Polish subsidiary continuously for two years; and (iii) it provides the Polish company with a tax residency certificate and a written statement that the recipient of a dividend does not benefit from tax exemption on its worldwide income. The minimum holding period does not have to be fulfilled upfront on dividend payment dates.

Based on the anti-abuse rule, the withholding tax exemption on dividends does not apply if dividends are connected with an agreement, a transaction or a legal action or many linked actions, for which the main or one of the main purposes was benefiting from this exemption (not solely to eliminate double taxation) and which do not reflect economic reality.

Interest, royalties, know-how and management fees, etc.

Interest on loans and royalties that Polish companies pay to foreign entities are subject to 20% withholding tax in Poland unless a relevant Double Tax Treaty provides otherwise and an appropriate tax residence certificate is provided. Interest and royalty payments that a Polish entity pays to an EU-based/EEA-based parent company are exempt from withholding tax if all of the following conditions are met: (i) the EU-based/EEA-based parent company is subject to income tax on its total income, regardless of the place of its generation in Poland or another EU or EEA member state; (ii) the EU-based/

EEA-based parent company is the beneficial owner of interest; (iii) the EU-based/EEA-based parent company has held (on the basis of an ownership title) at least 25% of the share capital of the Polish subsidiary continuously for two years; and (iv) it provides the Polish company with both its tax residency certificate and a written statement that the recipient of the payment does not benefit from tax exemption regarding its worldwide income. This condition is also met if the payer has directly held at least 25% of the share capital of the recipient of the payments or the same entity has directly held at least 25% of both the share capital of the payer and of the share capital of the recipient of the payments, and such entity is subject to income tax in and EU/EEA member state on its entire income, regardless of its source.

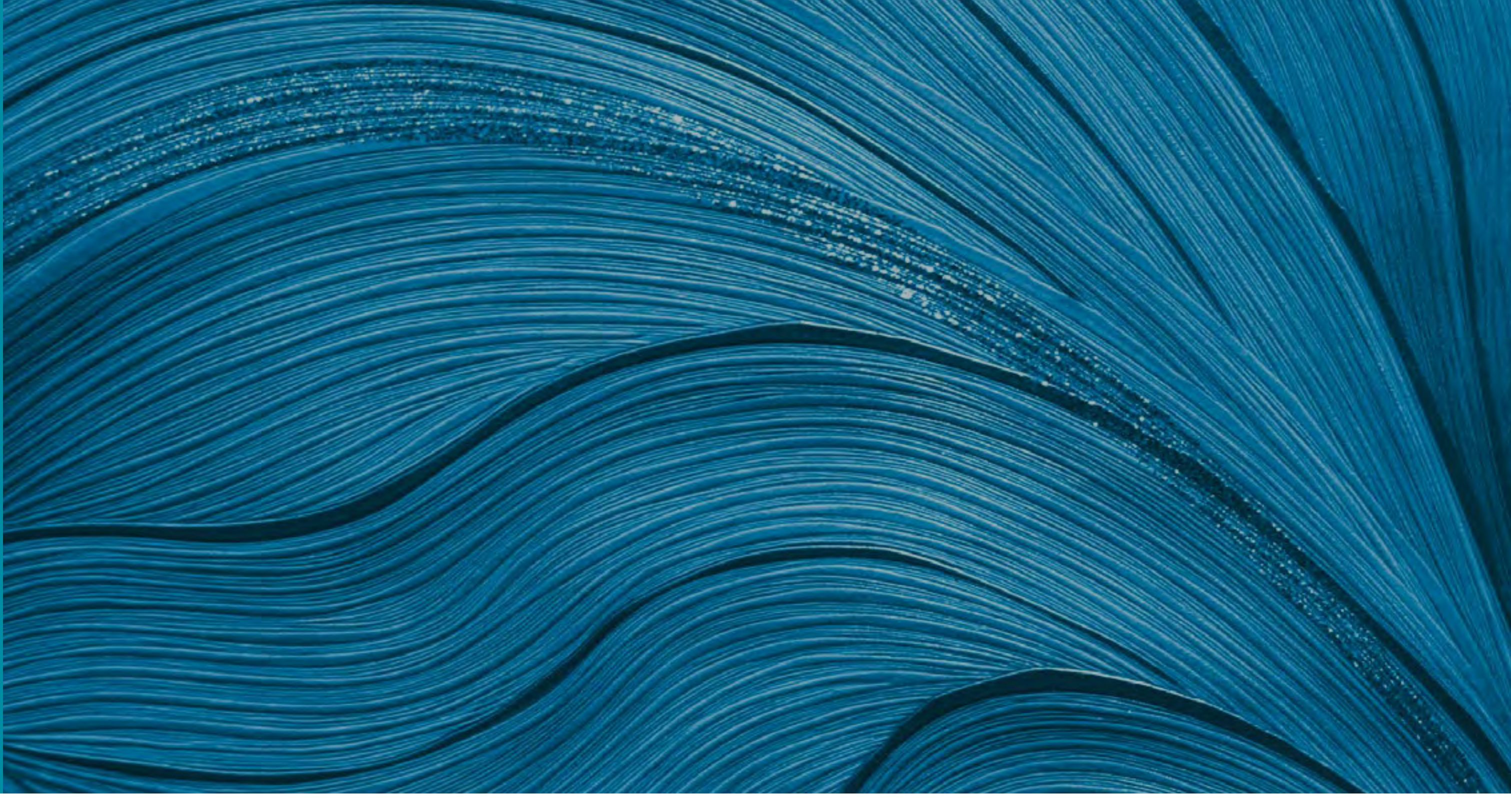
The exemption on interest and royalties also applies to payments made by a foreign permanent establishment in Poland and of EU-based companies that are subject to income tax on their total income in an EU member state, regardless of the source of the income, provided that such payments qualify as tax-deductible expenses when computing the income subject to tax in Poland.

Transfer pricing

Polish transfer pricing rules are, in principle, based on OECD standards. Transactions between related parties or with residents of tax havens must be made on market terms and properly documented. Otherwise, the tax authorities may challenge the deductibility of certain expenses. Tax regulations provide general guidelines for the calculation of acceptable market prices.

Foreign exchange status

Polish foreign exchange regulations make a distinction between “residents” and “non-residents”. The term “resident” includes branches and subsidiaries of “non-residents“, i.e. individuals or entities with their seat abroad. Therefore, regardless of the form of the entity doing business in Poland (subsidiary or branch office), it will always be considered a “resident” in terms of foreign exchange regulation. Its legal status will, therefore, be equal to that of Polish companies.



Taxation, accounting and reporting

VAT

In general, the Polish Act on VAT is in line with the provisions of EU directive 2006/112/EC. The basic rate is 23%; however, there are also 8%, 5% and 0% rates.

To deduct input VAT from output VAT, the output VAT must constitute the result of a VATable sale of the given company, with certain exceptions. Regarding VAT refunds, in principle the tax office should make them within 60 days.

A VAT split payment mechanism is available in Poland. All or part of the VAT amount may be paid to a special bank account, assigned exclusively to VAT settlements with the tax office. This option is voluntary for the sale of the majority of goods, but may result in faster VAT refunds (within 25 days) and an additional reduction of VAT. However, some goods such as PC software and hardware, steel products, gas, car parts are subject to obligatory split-payment. If these goods are being sold, the taxpayer is obliged to apply the split-payment mechanism.

If an EU-based trader is obliged to be registered for VAT purposes in Poland, it has to register itself directly. There is no need to appoint a tax representative. If a trader from outside the EU is obliged to be registered for VAT purposes in Poland, in principle it has to appoint a tax representative and then register itself. A tax representative is obliged to fulfil the obligations of the represented entity regarding the calculation and payment of the VAT, appropriate evidence and documentation and other activities. A tax representative is liable jointly and severally with the foreign entity.

Since 1 January 2020, VAT taxpayers are obliged to pay amounts exceeding PLN 15,000 into bank accounts indicated on the list of active VAT taxpayers kept by the Ministry of Finance (the “white list”).

Failure to comply with the white list obligation may imply joint and several liability for the seller’s VAT obligations, and the inability to classify such an expense as a tax-deductible cost for CIT purposes.

In early 2026, Poland implemented the National e-Invoicing System (KSeF), which is mandatory for all VAT-registered entities. All B2B invoices must be issued and received in a structured XML format through a centralised government portal, effectively replacing traditional invoices. Invoices issued outside the system are not legally recognised and may lead to fines.

Corporate income tax

The basic corporate income tax (CIT) rate is 19%. A company that has its seat or management board in Poland is subject to the CIT on its entire income. Regarding a foreign company, it is subject only to its income earned in Poland. Polish limited joint-stock partnerships and limited partnerships are treated as corporate income taxpayers.

Entities whose income does not exceed EUR 2,000,000 may apply a beneficial 9% CIT rate.

Poland has a special CIT regime for taxpayers owning large real properties in Poland called “minimal CIT”. In their case, additional CIT is paid on property whose value exceeds PLN 10,000,000 of 0.035% over the excess of PLN 10,000,000. The minimal CIT is deductible from the CIT due, however if the taxpayer reports a loss in a given tax year, the minimal CIT is paid in full.

Tax losses may be carried forward over the next five years; however, only up to 50% of the loss may be deducted during any given year. Losses cannot be carried back.

In addition, minimal CIT applies to taxpayers if they incur a loss (excluding capital gains) in a given tax year or if their income constitutes less than 2% of their taxable revenue (excluding capital gains). This is one of the new developments in the latest draft amendments to the Polish New Deal regulations, applicable from 1 January 2024, described below in more detail.

The minimum corporate income tax rate is 10%. The tax base is calculated according to a formula provided in the CIT regulations. In general, the tax base is the sum of 1.5% of taxable revenue (excluding capital gains), the costs of intragroup debt financing above a certain limit and the cost of intragroup intangible services above a certain limit.
Alternatively, the taxpayer will be able to choose a simplified method of determining the tax base, which amounts to 3% of the income earned by the taxpayer in the tax year from a source other than capital gains. In addition, the tax base may be reduced by certain values, such as the value of donations, research and development credits, prototyping and robotisation credits.

The minimum income tax does not apply in certain situations, e.g. to newly established companies (the tax does not apply during the first three years of the company’s existence), to financial institutions, to small taxpayers, to healthcare entities, to municipal enterprises, to taxpayers in insolvency or liquidation, or to companies which suffered a 30% loss of revenue compared to the previous tax year.

Stamp duty

Many agreements are subject to stamp duty if they are not subject to VAT. These include sale agreements, loan agreements, assignment of rights, etc.

Depending on the type of agreement, the stamp duty rate varies in most cases between 0.5%–2%.

Accounting and reporting

Polish accounting regulations are in line with International Accounting Standards. Consequently, the Polish accounting system is very similar to the systems applicable in other EU Member States.

Poland has also introduced an MDR reporting obligation resulting from the transposition of the DAC6 Directive. Therefore, Polish entities are obliged to report reconciliations triggering the reporting hallmarks to the Tax Authorities.

Leasing premises

Standard leases and local practice

The parties to a commercial lease agreement generally have broad freedom to regulate their contractual rights and obligations. Under Polish law, it is possible to regulate a commercial lease agreement in a way that deviates significantly from the statutory rules. However, it should be borne in mind that contractual regulations deviating from the statutory model should not be too far-reaching, as this may result in disputes between the parties, although there have not been many court cases concerning the issue of whether certain provisions of lease contracts are too far-reaching. In any case, it is safer to subject disputes under commercial lease agreements to resolution by arbitration courts, which should be more commercial in their outlook than state courts. The leading arbitration courts in Poland are the Lewiatan Court of Arbitration and the Court of Arbitration at the Polish Chamber of Commerce in Warsaw.

It is common for the parties to agree to appoint an expert qualified in the relevant field of expertise who will determine certain disputes specified in the agreement, e.g. rent decrease in the event of defects of the leased premises or the nature of such defects. The parties may agree that the expert's decision will be final and binding on the parties.

Under current Polish regulations, there is no common model of a standard commercial lease. However, the core provisions of standard retail leases are generally accepted. As a rule, each shopping centre has its own standards, and even though certain terms and conditions are negotiable, the lease structure itself is not. Needless to say, the final outcome of negotiations depends on the market position of a given development and the attractiveness of the potential tenant.

Leasing agents

It is quite common for retail developers and managers to use leasing agents, although some of them have their own in-house leasing teams. In some cases, it is also advisable for tenants (especially new entrants) to use agents. Many of the big international property consultants currently active in Poland have been present on the Polish market since the mid-90s.

Lease term and extension options

There are two types of commercial lease under Polish law: a lease (*najem*) and a tenancy (*dzierżawa*). Either agreement may be concluded between business entities for an unspecified period of time or for a maximum fixed period of 30 years. Without going into too much detail, it is fair to say that a 30-year tenancy may be signed regarding farmland, operating businesses and rights, while a lease is available to all types of movable and immovable assets leased for any business activity including commercial premises.

If a lease is concluded between business entities for longer than 30 years, after the lapse of that 30-year period, the lease is considered to have been concluded for an unspecified period of time, and thus may be freely terminated with notice.

In practice, the average term of a shopping centre lease is five years, as in most cases this is the minimum required by the banks financing the development. It is very rare to sign a lease for less than three years, though seven- and ten-year leases (especially for anchor tenants) are also quite common.

Unlike in other jurisdictions, a tenant does not have a statutory priority (or extension) right to conclude a new lease in the same premises. This matter is purely contractual.

Rent and service charges

Euro-denominated and HICP-indexed rent have become the rule in Poland. Depending on the lease terms, payments under commercial leases may be made in PLN or in EUR if expressly agreed by the parties. Please note that even if rent is paid in EUR, VAT and often service charges are paid in PLN. Certain retailers (usually super- and hypermarkets) are strong enough to negotiate a PLN denominated rent, so that they do not incur any currency risk in Poland.

There is a specific rule under Polish civil law according to which a landlord is empowered to unilaterally increase the rent by terminating the current value, on at least one month's notice, at the end of a calendar month. This statutory regulation is highly beneficial for the landlord, hence the tenant usually negotiates to exclude such provisions in a particular lease agreement. In most cases, the parties replace the abovementioned landlord's right with an indexation clause that provides for an annual update of the rent with reference to a specified price index (e.g. Eurostat's HICP). The indexation clause may also indicate the date of first indexation, a cap on annual increase resulting from indexation, and whether negative adjustments are allowed.

In addition to the monthly base rent, optional turnover rents are common. This involves the tenant having a relatively high degree of financial transparency towards the landlord, and involves not only the submission of official financial statements (monthly, quarterly or yearly), but in many cases the retailer's tills are connected to the landlord's computer system as well. Regarding anchor tenants, monthly and yearly reports on turnover provided by tenants are enough.

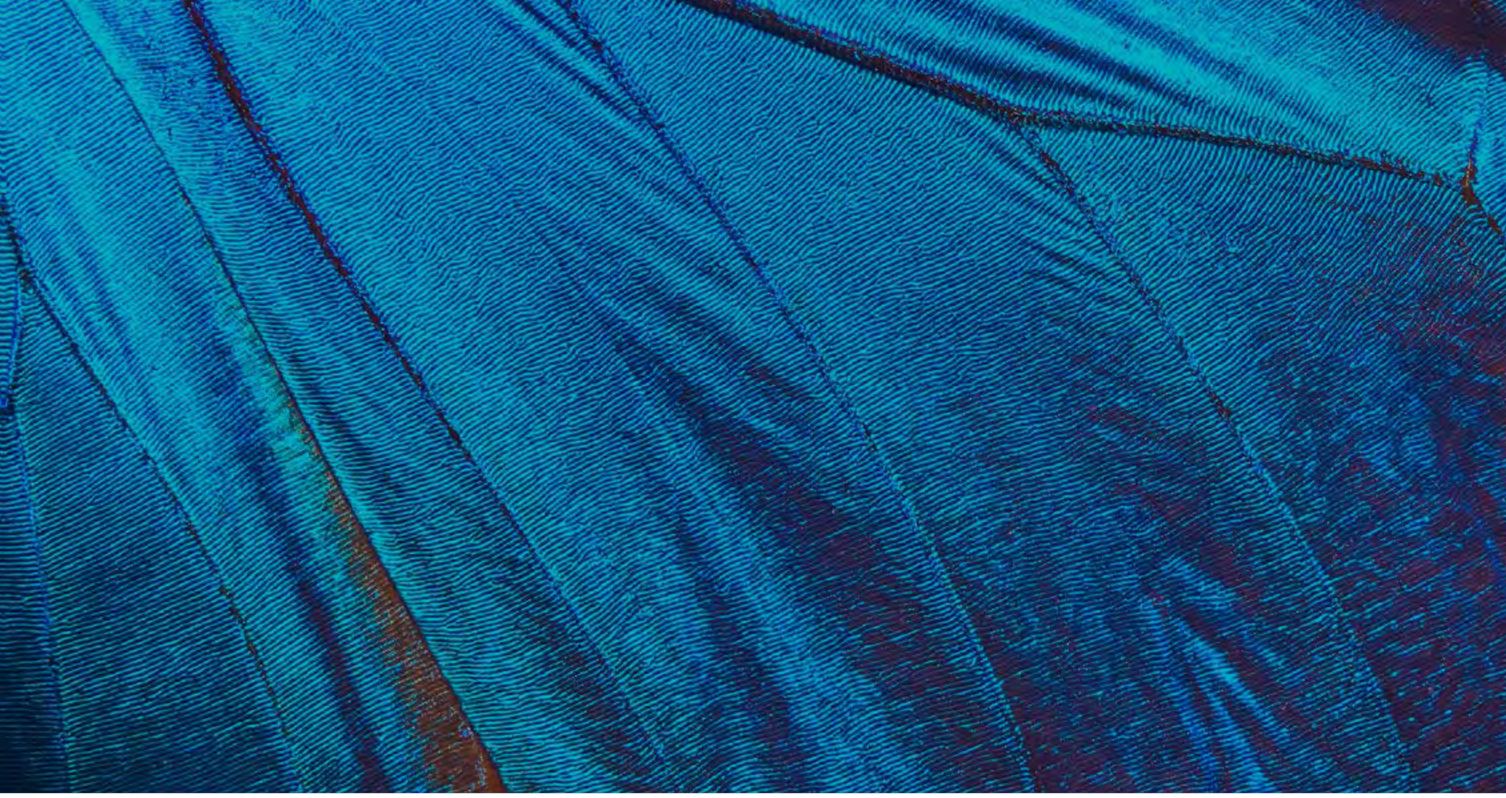
Base rent is usually payable monthly, whereas turnover rent is payable for various periods agreed in the contract, most often yearly. Under the Polish civil code, two months' delay in rent payments authorises the landlord to terminate the lease if this default has not been cured within an additional grace period of one month. Landlords often reserve additional contractual termination rights for themselves, e.g. related to delays in service charge payments.

Leases need to make a very clear distinction between the rent and the service charge (commonly payable in PLN). Landlords tend to include as many items as possible in the service charge, but each individual case will depend on the negotiating power of the landlord and the tenant. Usually, the service charge includes repair, maintenance and upkeep costs of the common areas, management costs, insurance, security, and consumption of media in the common areas as well as land tax and other public fees. It also often includes marketing costs. In cases where the shopping centre is developed on land held in perpetual usufruct, it usually includes the yearly perpetual usufruct fee. Shopping centre owners may also create sink funds in order to finance future major repairs.

The service charge is usually paid in advance in 12 monthly instalments (advances) calculated on the basis of a budget prepared by the manager. The actual amount of such monthly advances may vary during the year, due to changes in the level of common costs month by month. Each tenant's participation in the service charge budget usually depends on the surface area of its premises. However, weighting rates are applied to the areas occupied by larger tenants. It also happens that certain tenants have caps on their service charge contributions, and others do not participate in certain categories of costs (e.g. marketing costs). Landlords usually do not agree to closed lists of expenses included in service charges, which gives them flexibility in demanding certain costs from tenants (e.g. taxes or costs resulting from a change of legislation). Although closed lists of costs included in service charges are uncommon, tenants may negotiate a list of exemptions of particular costs included therein. For example, the tenant usually does not cover or reimburse the landlord for income taxes of the landlord's company, even if those costs are related to the shopping center.

The vast majority of leases for retail premises have a "triple net" structure where the tenants agree to pay the entire actual cost of taxes, insurance, and maintenance relating to the leased property. Leases with a fixed service charge contribution are much less popular; however, they sometimes exist in the case of leases concluded with tenants enjoying a strong market position or for premises located in open-air retail parks, where the total costs relating to the common areas of the park are very limited. To protect the landlord against an increase in the maintenance costs of a given centre, the parties usually agree on the indexation of the fixed amount of the service charges based on the consumer price index announced by the Polish Statistical Office. Nevertheless, due to high inflation in Poland in 2022 and 2023, we observed that tenants more frequently demanded caps on the service charges to share with Landlords the risk of an increase in costs. Although Polish inflation stabilised at a reasonable level in 2024 and 2025, the trend to cap service charge increases is still present on the market.

VAT at 23% applies to both the rent and the service charge advances. Common costs should be re-invoiced at their face net value with only the landlord's VAT added (unless the landlord is expressly authorised to put margins on these costs). Every year, the landlord must provide the tenant with a reconciliation for the preceding period regarding the service charges paid by the tenant and taking into account the tenant's appropriate share in such costs. The tenant is entitled to request that service charge audits are carried out.



There are three basic types of security for rent and service charge payments. The most widely used and preferred by landlords regarding smaller and medium-sized tenants is a cash deposit (usually three months' rent plus VAT and three months' service charge plus VAT). Larger tenants deliver bank guarantees in the same amount. Landlords usually request that the bank guarantee is irrevocable, unconditional, paid on first request and freely transferable. Only anchor tenants may sometimes give a parent company's guarantee. In the case of smaller tenants or newly established companies in Poland, a parent company's guarantee may be requested as security in addition to the bank guarantee.

Fit-out

Tenants are granted fit-out periods during which they have to prepare their premises for operation. Such periods are usually excluded from the lease period, at least for the purposes of rent and service charge payments. Any permits required for fit-out works are the responsibility of the tenant, but the landlord has a co-operation obligation in this respect. Designs and time schedules for works should be approved in advance by the landlord, so it may be advisable to attach them to the lease. Works are supervised by the landlord's site manager (or the manager of the shopping centre) and the tenant has to take out an insurance policy covering construction risks. Landlords sometimes charge a "coordination fee" for supervising the tenant's fit-out works.

As the market is becoming more and more tenant-driven, fitting out premises is often part of the tenant's incentive package. The tenant's incentives should be structured in a way permitted by law, which minimises the negative tax impact on the parties.

Upkeep, renovations and repair

Upkeep, renovations and the repair of common parts is usually the obligation of the landlord. This also concerns essential parts of the premises, like structural elements and common infrastructure. "Fully repairing" leases are a standard, which means that the relevant costs are included in the service charge. Sink funds are also created to finance capital repairs.
Any renovation in a shopping centre that impacts the amenity of the tenant (e.g. access to the premises or visibility) should be subject to consent. Many leases contain an upfront tenant's consent for such works, but they are only valid if they are specific enough, e.g. they define what kind of impact is allowed; however, tenants often strongly object to being charged for repairs related to the building's structural elements and other capital expenditures.

Upkeep and renovation of the premises are the obligation of the tenant.

Insurance

The rule is that the landlord insures the common areas and the tenant insures its premises. The premium paid by the landlord is usually recovered in the service charge. It is important to structure the inter-relation between various policies such that the scopes of insurance do not overlap. Otherwise, there may be problems with the payment of an indemnity, as there may be a dispute between the insurers as to which of them is actually bound to pay and in what proportion.

Tenants are also required to insure their civil liability for any possible damage to individuals or assets they (their employees, agents, etc.) may cause in their operations. Sometimes, they also take out "business interruption" insurance or "lost rent" insurance.

Early termination and indemnities

Fixed-term leases can only be terminated in cases specified by law and by the contract itself. The parties may agree certain break options that will allow the tenant or the landlord to terminate the lease agreement before the expiry term provided in the lease agreement. However, due to legal requirements the reason for such a break option needs to be specified in a lease agreement. All break options will require the tenant (or the landlord) to give formal notice to the other party if it wishes to break. Usually, this notice period is six to twelve months, but it depends on other business conditions under the agreement (lease term, rent rate offered to the tenant). The break option clause may include an obligation to pay to the landlord certain remuneration for exercising this right, compensating the landlord's loss incurred due to early termination of the lease or reimbursing the incentives provided to the tenant during the lease term. Regarding premises prepared by the landlord for a tenant's specific needs, a break option is very difficult to obtain.

The law authorises the tenant to terminate a fixed-term lease if the premises have defects (whether existing on signing or identified during the term of the lease) making them unfit for the purpose of the lease. The tenant must, however, grant a grace period to the landlord to cure such defects and will not have the right to terminate if it knew about defects when signing the lease. The tenant may also terminate the lease if the state of the premises (as delivered by the landlord) is dangerous to the health of its occupiers, even if it knew about this state while signing the lease.

The landlord is authorised by law to terminate a fixed-term lease in four cases. Firstly, if the tenant breaches the lease provisions concerning the use of the premises and fails to cure this default despite being granted a grace period; secondly, if the tenant's use of the premises might result in their destruction; thirdly, if the tenant's activities disturb neighbours (other tenants), make the use of other premises difficult, or if the tenant continually breaches internal regulations; and finally, if the tenant is in delay with rent or service charge payments for at least two settlement periods, and does not pay the arrears despite being granted an additional one-month grace period.

Lease contracts often provide for many more reasons for the landlord to terminate the lease and usually make it difficult for the tenant to do so, except for its statutory termination rights described above. In order for those contractual termination provisions to be effective, they should be quite specific. It is insufficient to state that the landlord will have the right to terminate the lease if the tenant is in breach of its provisions.

The most typical contractual termination clauses include the following breaches by the tenant: changing the scope of activities in the premises, changing the brand (graphic signs etc.), breaching the provisions on opening hours, stocking hazardous materials, not disclosing financial information (in the case of turnover rent), breaking competition clauses, executing unauthorised works, unauthorised subletting, etc.

Lease contracts usually provide for the tenant to pay contractual penalties if the lease is terminated due to the tenant's breach. Polish courts have the right to lower the amount of such "liquidated" damages if they consider them excessive. Moreover, as a contractual penalty cannot be stipulated for a breach of pecuniary obligations, it might fail if the lease is terminated due to the lack of payment (which is, by far, the most common reason for termination by the landlord).

The landlord's liability under the agreement is usually limited to the actual loss of the tenant, excluding the tenant's lost profit or losses caused by business interruption. According to a general rule provided by Polish civil law, which is more favourable to the tenant, liability for damage includes actual loss and lost profits.

Enforcement by the landlord

Each tenant should be aware of the landlord's rights against it under the lease. Apart from regular enforcement proceedings, those include a statutory pledge on the tenant's assets, fast-track enforcement and disconnecting the media.

The landlord has a statutory pledge on all of the tenant's assets (goods, equipment, other moveable property) on the premises. If the tenant is late with a payment, the landlord may seize the assets and foreclose on them. The pledge does not release the landlord from foreclosure proceedings, which may be simplified if the tenant voluntarily submits to foreclosure (see below). The pledge can only concern the assets owned by the tenant and secure debts due for less than 12 months. In extreme situations, the tenant often removes the goods from the premises, as the pledge expires when the assets leave the premises.

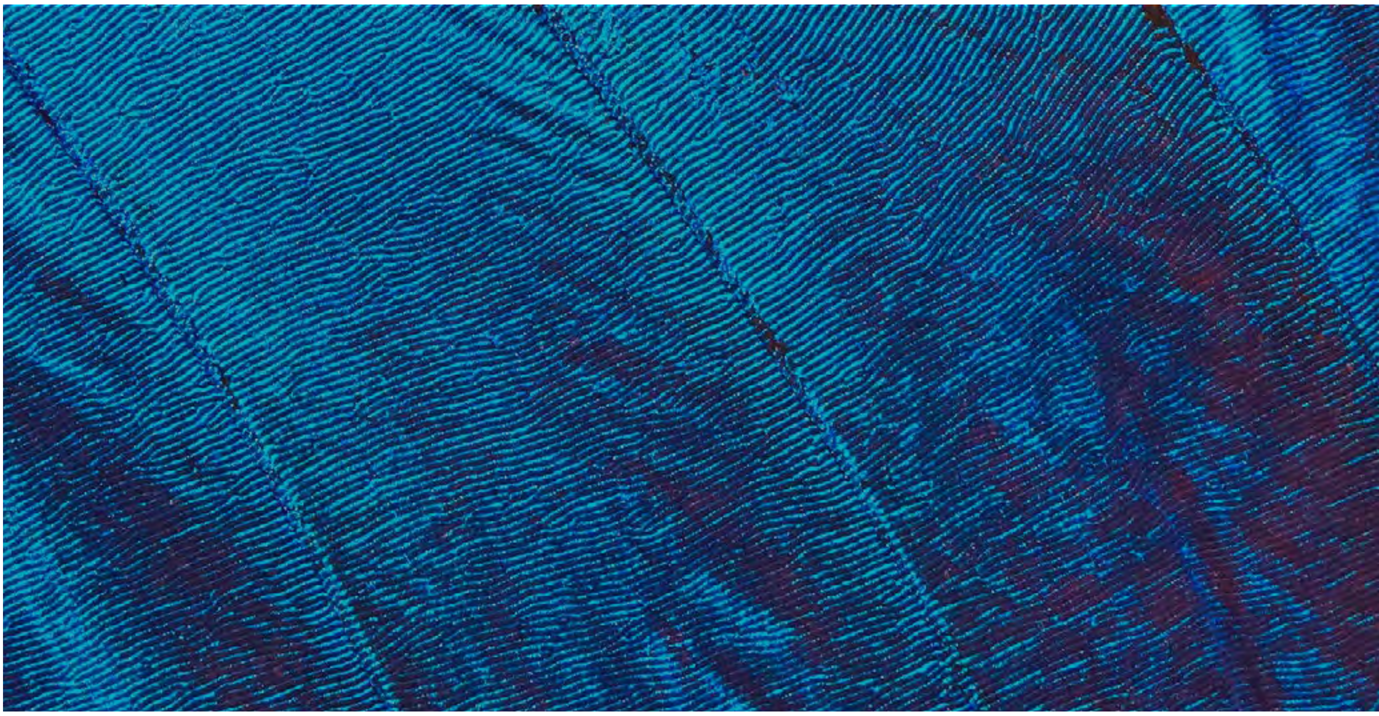
The tenant's voluntary submission to enforcement is a standard requirement of every landlord. It enables the latter to leapfrog judicial proceedings and start enforcement much sooner than otherwise. Submission to enforcement is executed by the tenant before a notary, and the entry into force of the lease is sometimes made dependent on the delivery of this notarial deed to the landlord. Submission to enforcement usually only applies to vacating the premises after the expiry or termination of the lease agreement. Small-sized tenants are also often required to execute a declaration on voluntary submission to enforcement concerning payments due from the tenant to the landlord during the lease term (rent, service charges, penalties, etc.).

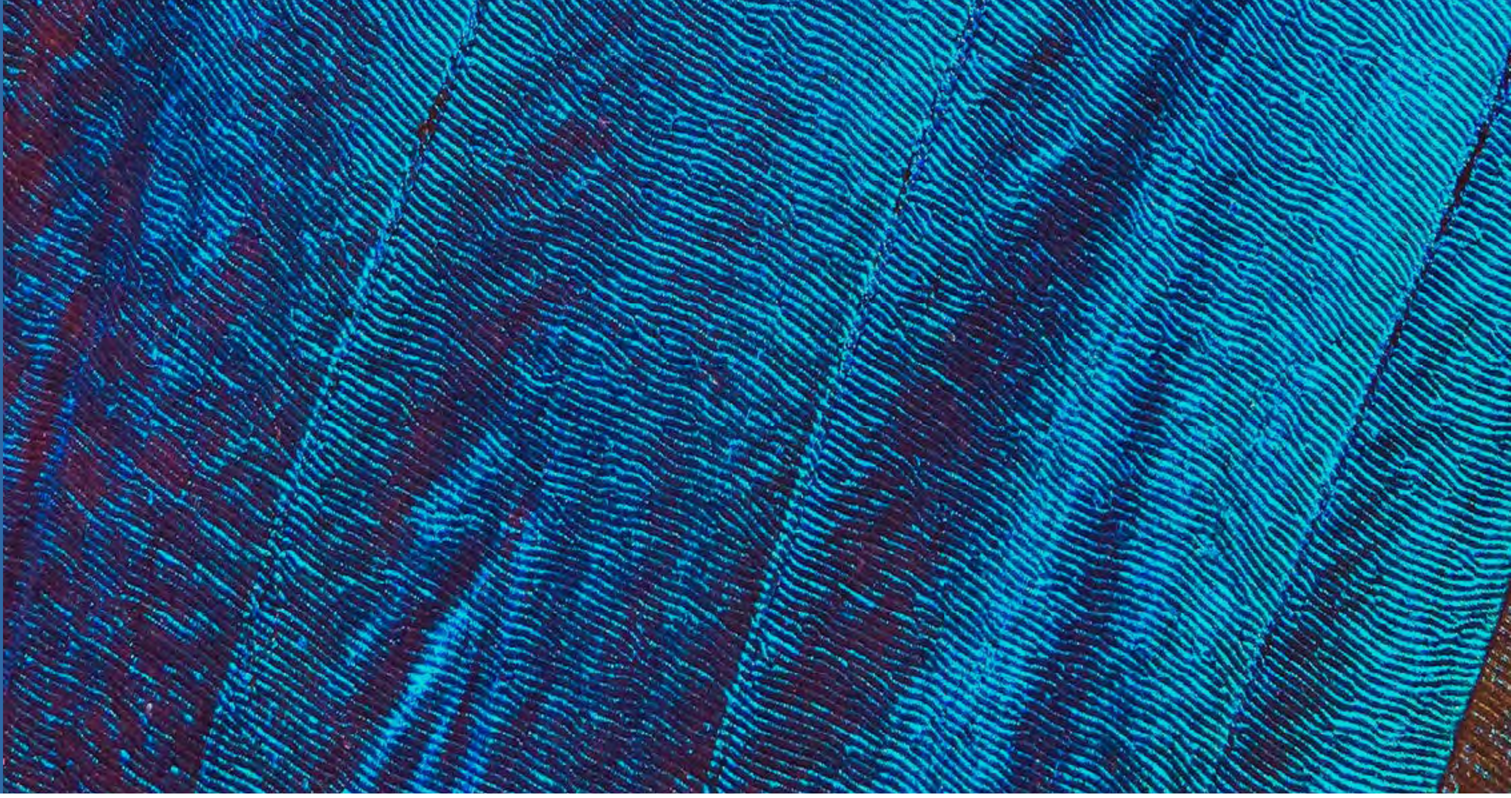
One of the common ways to "discipline" a tenant in delay with payments is to disconnect the media. This is possible only if the lease authorises the landlord to do so on "reasonable" terms, e.g. a delay in payment justifying early termination and prior notices. Otherwise, the landlord would be liable for all damage incurred by the tenant due to the media being disconnected.

Change of ownership, sublease and assignment, enforcement by the landlord's creditors and bankruptcy

In certain cases, external circumstances may have an impact on the lease. Those include, in particular, a change of ownership of the shopping centre, enforcement by the landlord's creditors, and the bankruptcy of either party.

According to a general rule, if a lease object is sold during the period of the lease, the acquirer replaces the transferor in the lease relationship. If the shopping centre (the asset, not the company) is sold to a third party, the new owner is able to terminate each lease on statutory notice periods, unless three conditions are met cumulatively: (i) the lease has a fixed term; (ii) the premises have already been handed over to the tenant; and (iii) the lease has a certain date. The 'certain date' requirement is met if a counterpart of the lease agreement is presented to a notary who writes a date on the counterpart (being the date on which the notary has seen the counterpart). It is recommended to obtain a 'certain date' as soon as the lease agreement is executed. The requirement of the certain date is also met if the lease agreement has been executed as a





notarial deed, or with signatures notarised, or if a public authority or a local government authority (e.g. a mayor) made a dated mention on the copy. If a public document (e.g. a notarial deed containing the tenant's submission to enforcement) refers to the signed lease, it has the same effect. If the lease is signed with signatures confirmed by a notary, it is also possible to register the rights resulting from the lease in the land and mortgage registry kept for the real property. In such case, provided that the subject of the lease has been handed over to the tenant, the new owner is not entitled to terminate the lease. Moreover, the right revealed in the register has priority over the rights disclosed later or against unregistered rights. Thus, the disclosure of the rights in the register significantly increases the tenant's legal protection.

Usually, the assignment and subletting of the lease agreement is subject to the landlord's prior written consent, and such consent should not be unreasonably withheld. Such clause may be supplemented by certain reasons that justify the landlord's refusal. Landlords sometimes accept the sublease of leased premises or assignment of rights and obligations resulting from the lease agreement (or subletting the premises) to companies related to tenants within its group. However, it is relevant to note that if the agreement is silent on the right to sublease, the landlord's consent will be required. Lease provisions may also require the tenant to operate a specific business in the shopping centre or under a certain trade name, and such requirement also limits the tenant's ability to assign or sublet the lease object.

If the landlord's creditor forecloses on the shopping centre and it is sold by the bailiff in execution or bankruptcy proceedings to a third party, then the lease agreements (whose term is longer than two years) are terminable by the buyer. The buyer is entitled to exercise the termination right within one month of the resolution on granting ownership to the shopping centre becoming final. The termination period is one year unless the lease agreement provides for a shorter notice term. The tenant has no protection against such termination because the standard civil code protection rule (based on a 'certain date' and the subject of tenancy being handed over as mentioned above) does not apply in sales in execution and bankruptcy proceedings. The lease must not be modified or terminated, either by the parties or automatically in the case of the bankruptcy of any of them, other than in compliance with the rules of the Bankruptcy law, which are briefly described below.

If the landlord goes bankrupt, the receiver may terminate the lease on three months' notice on the basis of a court decision. This may happen only if keeping the lease would make the sale of the asset (e.g. shopping centre) difficult, or if the rent is not at market rates. Terminating the lease by the receiver would, therefore, be a rare event. In such case, the tenant is entitled to submit to the bankruptcy estate a claim for damages suffered due to the early termination. However, if the tenant has paid the rent in advance for more than three months, it will have to pay again the amount due for the period above three months, this time to the bankruptcy estate.

If the tenant goes bankrupt but the premises have not been handed over to it (e.g. they are still under construction) then both the tenant and landlord may withdraw from the lease within two months of the date on which the bankruptcy was declared. Such withdrawal does not trigger a compensation claim.

If the tenant goes bankrupt and the premises have been handed over to it, then the receiver may terminate the lease on three months' notice or with a contractual notice, if shorter.

If any of the parties is insolvent or threatened with insolvency, it is possible to conduct reorganisation proceedings. There are four reorganisation proceedings: proceedings to approve a settlement, accelerated settlement proceedings, and settlement proceedings and restructuring proceedings. During accelerated settlement proceedings, the landlord must not terminate the lease without the creditor's consent. Settlement is also possible during bankruptcy proceedings. The settlement may prohibit the landlord from terminating the lease until the full execution of the settlement (which may take several years). The settlement may reduce the rent and arrange instalments for paying rent and service charge arrears as of the date of the court's decision, but not for future ones, if the lease is to be continued.

Hiring staff

General information

Polish labour law is regulated primarily in the Polish Labour Code but also in a variety of additional laws including provisions on labour unions, collective disputes, group redundancies, safety and hygiene, etc.

As a general rule, the terms and conditions on which an employee is employed cannot be less favourable than the minimum requirements set out in statutory law.

Directors

Company directors may be employed under an employment contract or other agreement (management contract). They may also act solely as office holders without any underlying contract, with remuneration paid on the basis of a resolution on their appointment, which may be a resolution of the shareholders or the supervisory board, depending on the circumstances. The latter solution may be financially attractive, as remuneration paid on this basis is not subject to social insurance contributions (except for healthcare).

There is no special type of employment contract for company directors. If a company director has an employment contract with the company, being both an office holder and employee (which is common practice), he/she benefits from all of the employment rights of a regular employee, excluding entitlement to compensation for overtime. For example, the termination of his/her employment contract may require separate (additional) reasons to a mere dismissal from their position on the company's management board.

Work and residency permits

As a rule, employers can only employ foreigners if they have valid work and residence authorisations in Poland. Generally, a work permit is also required for a member of a legal entity's management board, general partners in limited partnerships and limited joint-stock partnerships, and commercial proxies, if they are present in Poland for more than six months in total during any consecutive 12 months. Seasonal workers can apply for seasonal work permits i.e. agricultural, gardening, tourism or gastronomy work. Work permits are granted for a fixed period.

Each work permit is granted to a particular foreigner and specifies their position and the period of the permit's validity. Some types of changes, e.g. change in the employing entity, may require a new work permit.

These requirements do not apply to citizens of EU member states, Iceland, Norway, Lichtenstein and Switzerland. Citizens of these countries can enter Poland and start working from the first day. They only have to register their stay in Poland if they plan to live there for more than three months. Additionally, certain categories of non-EU foreigners are exempt from the obligation to obtain a work permit. These include spouses of Polish citizens who hold a temporary residency permit in Poland granted in connection with entering into marriage, individuals with the status of refugees in Poland, and individuals who have permanent residency cards in Poland.

Moreover, citizens of Ukraine, Moldova, Belarus and Armenia can work in Poland on the basis of a declaration of employment (a simplified work authorisation). In such case, the maximum work period is 24 months. On receiving a work permit/declaration of employment, foreign nationals have to legalise their stay in Poland. Foreign nationals from visa-free regime countries can enter Poland and apply for a temporary residency permit. Foreigners who are not exempt from the visa obligation must, on receiving a work permit, individually apply for a work visa before their entry to Poland at the Polish consulate in their country of residence/domicile. On the expiry of a visa, the foreigner may either apply for a new one or for a temporary Polish residency permit, depending on whether they are currently in Poland or not.

In 2025, the provisions of the Act on the Employment of Foreign Nationals entered into force and implemented a new immigration permit system. Under the new legislation, the requirement to obtain information from the district administrator (the labour market test) was abolished as a prerequisite for obtaining a work permit, a temporary residence and work permit, or a residence and work permit for a highly skilled profession. At the same time, a safeguard mechanism was introduced: in the event of a deterioration in the labour market, it will be possible to impose local restrictions, such as lists of occupations unavailable to foreign nationals and employment quotas.

In 2026, temporary protection for Ukrainian citizens was transformed into the general legal framework governing the protection of foreigners, which is valid until 4 March 2027. The earlier system allowing foreigners to apply more easily for work permits (via notification of employment) remains in place.

Ukrainian citizens arriving in Poland for the first time are required to obtain a PESEL number with UKR status within 30 days of crossing the border. Failure to do so will result in exclusion from temporary protection. Individuals who previously obtained a PESEL UKR on the basis of a declaration (without presenting a passport) must now confirm their identity. If they fail, their UKR status will be revoked and they will need to secure an alternative legal basis to remain in Poland.

Ukrainian citizens will also lose temporary protection if they leave Poland for more than 30 consecutive days, obtain protection in another EU Member State, or receive a different residency title.

Employment contracts

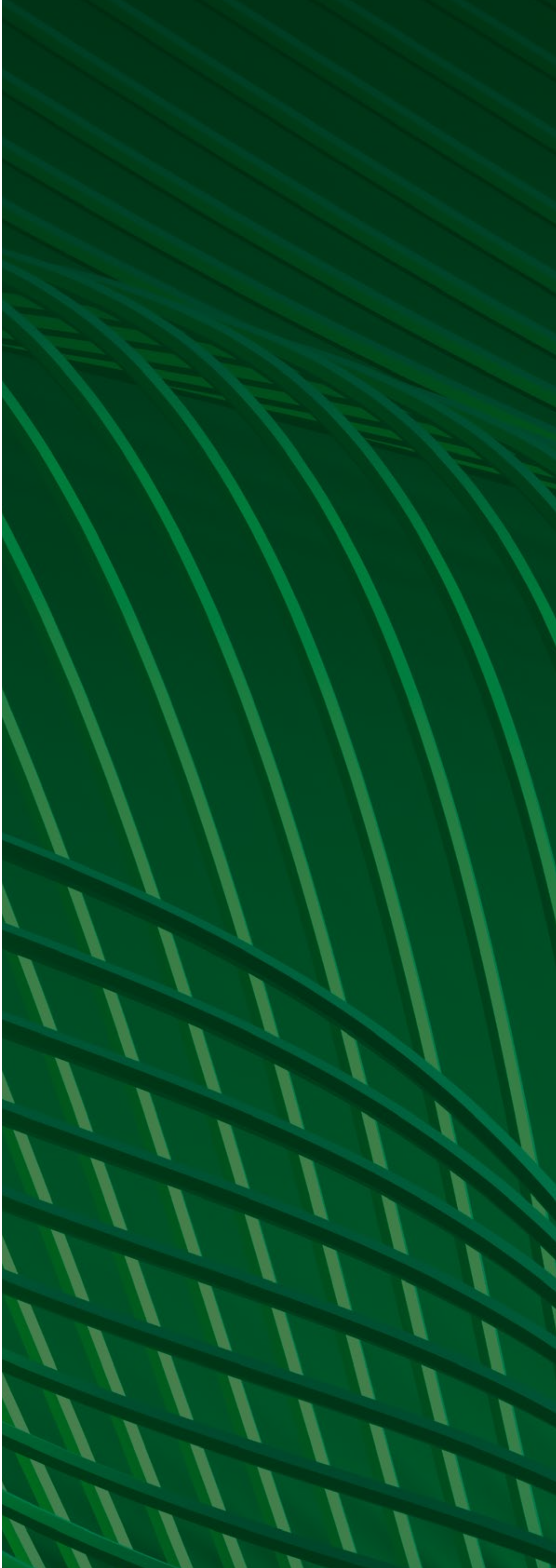
Employment contracts provide that a given employee will perform certain work for and under the supervision of his/her employer, in a place and at a time specified by the employer, in return for remuneration.

Such contracts may generally be concluded for a definite or indefinite period, or for a trial period.

Employers are obliged to comply with certain requirements, including arranging for the employee to have a preliminary medical examination, registering the new employee with the Social Insurance Agency (ZUS), and organising health and safety training.

» *As of 1 January 2026, the national minimum wage in Poland is PLN 4,806 gross (EUR 1,131) per month for a full-time employee.*

An employment contract may be terminated, subject to certain conditions, on the parties' mutual consent by a written notice served to the other party, or without notice. The latter method can be lawfully exercised only in specific circumstances, e.g. by the employer if the employee seriously breaches their basic employee duties. Remote working regulations are in force. They introduce, among other things, the possibility of regular



or occasional remote working, the possibility for the employer to order remote working (in certain cases), and the obligation for the employer to cover the costs associated with remote working.

As of January 2026, the rules for calculating an employee's length of service changed. Under the new regulations, work performed solely under an employment contract will no longer be the only factor counted towards length of service. Length of service will now include periods of self-employment, working as a contractor, performing work under commission or agency agreements.

Other agreements relating to the performance of work

Individuals can also work under agreements other than employment contracts, e.g. freelance agreements and agreements to perform a specific task. It is often beneficial for both companies and individuals to conclude such agreements, as they are generally more flexible and are not subject to the mandatory rules imposed by the Polish Labour Code.

However, any agreement that fulfils all of the criteria that characterise an employment contract will be considered such a contract, regardless of its name or the parties' intention. Furthermore, forcing an individual to enter into a freelance agreement instead of an employment contract is deemed a labour-related offence, subject to a fine of up to PLN 30,000 (EUR 7,021).

There are legislature plans to amend the Act on the National Labor Inspectorate in 2026, which will significantly expand the Inspectorate's powers. The amendment will allow inspectors to issue decisions reclassifying civil law contracts as employment contracts. Inspectors may issue such a decision if a civil law contract contains elements characteristic of an employment contract. Under the proposed changes, an employer will have the right to appeal the district inspector's decision to a labour court within 30 days. The bill has been approved by the parliament but might still be blocked by the President.

Tax and social security charges, Labour Fund and Employee Benefits Guarantee Fund

The annual personal income tax (PIT) rates are 12% and 32%, depending on the level of annual income. The higher rate applies to incomes exceeding PLN 120,000 (EUR 28,084) in a given calendar year. Social security contributions (see below) decrease the taxation basis.

Employers are obliged to withhold the following from employees' salaries: PIT advance payments and social insurance contributions, i.e. the parts of the contributions to pension and disability insurance that are covered by employees, as well as full health insurance contributions. In addition, employers cover from their own resources: parts of the pension and disability insurance contributions, full accident insurance contributions, as well as contributions to the Labour Fund and Employee Benefits Guarantee Fund; these contributions are paid on top of employees' gross salaries.

There is an exemption from PIT for employees up to the age of 26. The tax exemption covers earnings up to PLN 85,528 (EUR 20,016) in a calendar year.

The total social security contributions from employees' monthly salaries amount to 13.71%. In addition, employers cover from 19.48% to 22.14% of a given employee's monthly salary, on top of gross earnings, depending on the degree of occupational risk attributed to a specific post (the applicable rate for accident insurance may vary; the standard rate is 1.67% at least until 31 March 2027).

Employees also have to pay healthcare contributions of 9% of each employee's monthly salary. Since 2022 this contribution cannot be reduced by amounts paid as social security contributions (mentioned above). Social security contributions are deducted from remuneration monthly. In 2026, contributions to pension and disability insurance are deducted only until a given individual's total annual remuneration reaches PLN 282,600 (currently EUR 65,998) in a given calendar year. Management contracts and freelance agreements are generally subject to similar social insurance contributions (with some exceptions) as those due in the case of employment contracts and monthly advance income tax payments.

Private pension plans are obligatory regardless of headcount. The minimum pension plan contribution is 3.5% of the employee's salary. Two percent is deducted from the employee's salary and 1.5% is financed by the employer. All employees under 55 years old are auto-enrolled in the pension plan, but they can resign from participation.

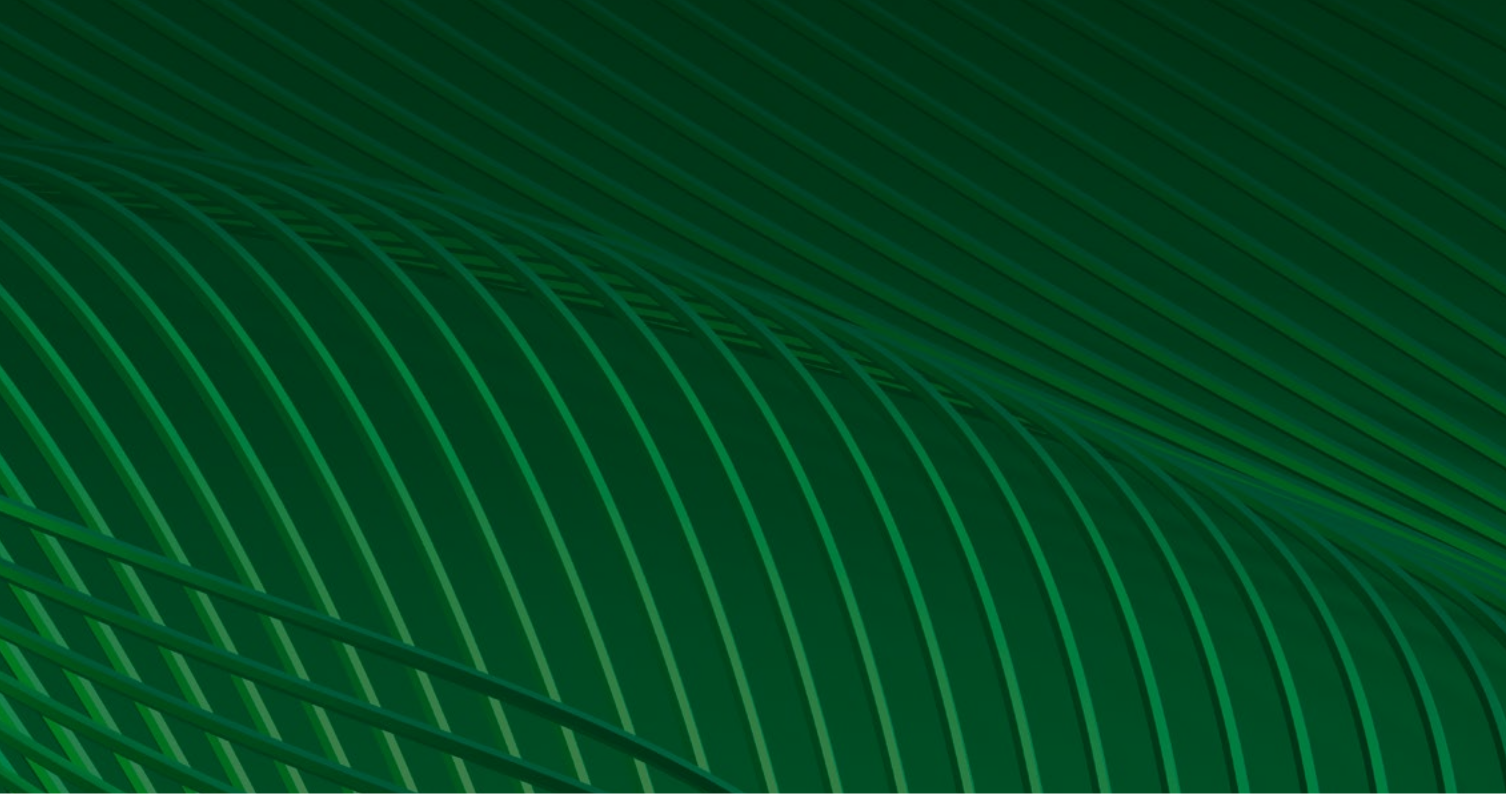
Trade unions

Employees are free to organise and join trade unions, which can be established by at least ten individuals. Non-employment contractors can also join trade unions. Typically, trade unions operate at the company level, and their members are employed in the same company (a company trade union organisation). There is no statutory limit to the number of trade unions that can operate in one company. However, trade union members do not have to be employed in one company. It is possible for employees of two or more companies (especially belonging to the same capital group) to establish an intra-company trade union organisation. Further, they have the right to merge with other trade union organisations, both at the company and intra-company levels, into a federation (association) of trade unions to increase their membership and influence.

Trade unions may also operate as nationwide organisations comprising employees of the same industry. Some nationwide organisations, such as the Independent Self-governing Trade Union "Solidarity" (*NSZZ Solidarność*), represent employees from a range of different occupations and industries in the public and private sectors.

In principle, all trade unions in a company, regardless of their legal structure, must be recognised if the company has been notified of the existence of the particular trade union by the trade union officers (members of the board of this trade union). From the date of such notification the company is obliged to respect a trade union's rights and privileges prescribed by the Trade Unions Act.

Trade unions must be informed in advance and consulted on various matters including the transfer of the business, collective redundancies and other restructuring matters or varying compensation schemes and social benefit plans in force in the company. The information and consultation duty may delay a



proposed restructuring or other changes in the company; however, in principle trade unions cannot block such changes. After the required consultation period, the company will be able to enforce the change despite any resistance from the trade unions.

Members of a trade union's management board and other persons designated by the trade union cannot be dismissed or made redundant, nor can their employment conditions be diminished, without the consent of the union operating in the workplace.

Company directors and officers may be penalised for actions preventing or otherwise hindering the creation of trade unions or participation in trade unions.

In 2025, a reform of collective labour law was implemented that included a new system of registering collective labour agreements and entitling employees to nullify or recognise the effect of a given collective agreement or internal regulations on them.

The new regulation establishes an independent and coherent legal system covering the rules for concluding, enforcing, recording, and making collective labour agreements available, as well as for conducting collective bargaining and fostering social dialogue.

European works councils

Undertakings and groups of undertakings that perform their activity in more than one EU member state and employ at least 1,000 employees, including at least 150 employees in each of at least two member states, are obliged to create a European works council. Such councils should consist of representatives of employees and are entitled to acquire information regarding the undertaking or group of undertakings in question. They must be consulted at least once a year in matters relating to workplaces in more than one EU member state.

Company directors and officers may be penalised for actions preventing or otherwise hindering the creation of European works councils.

National works council

National works councils need to be distinguished from European Works Councils.

A national works council is a permanent consultative body made up of representatives of employees, and is created because of the obligation on employers based in Poland to inform and consult their workforce about economic- and employment-related matters of the company.

National works councils are formed in companies with 50 or more employees. A works council may be established at the request of at least 10% of the workforce. The employer is not obliged to create a works council until such request is made. However, the employer is obliged to inform the staff of their right to create a works council once the average headcount in the company for the previous six months reaches 50.

If elected, works councils must be informed of the company's business and financial standing and any planned decisions in this respect. In addition, they must be consulted on important facts and decisions that may affect the company's employment structure and staffing levels (e.g. changes in business activities or business transfers resulting in a reduction of the company's

workforce) and any other anticipated decisions that might lead to material changes in work organisation or pay conditions. A works council cannot block company decisions, however it can postpone them by initiating a consultation process.

Works councils are not notified or consulted about individual terms of employment, including individual dismissals of employees.

Company directors and officers may be penalised for actions preventing or otherwise hindering the creation of national works councils.

Sick leave, maternity leave and annual holiday

Generally, employees are entitled to 33 days of paid sick leave per year, during which they should be paid 80% of their salary by their employer. Employees who are 50 years of age or older are entitled to only 14 days of sick leave paid by the employer per year. Beginning with the 34th day (or in the case of employees who have reached their 50s, beginning with the 15th day) of leave, the sick pay is covered by the Social Security Agency (ZUS). However, the new government has promised that ZUS will pay the sick pay from the beginning of sickness. Thus, some legal changes in this regard are possible.

Employees that give birth to a child are entitled to maternity leave for from 20 to 37 weeks (the length of this period depends on the total number of children during one birth) during which they are paid maternity aid by the Social Security Agency (ZUS). At least two weeks of maternity leave may be granted to a female employee before the expected date of childbirth.

Part of this maternity leave can be transferred to the father of the child, if the female employee used at least 14 weeks of her maternity leave after giving birth. Apart from maternity leave, employees are also entitled to parental leave for 41 to 43 weeks (depending on the number of children born during one birth), but each parent is entitled to nine weeks' parental leave for their exclusive use. For the time of parental leave, employees are entitled to 70% of their salary. Additionally, fathers can request up to two weeks' paternity leave until the child is 24 months old.

In 2025, significant changes were introduced to the rules governing the granting of maternity benefits, primarily resulting from amendments to the Labor Code and benefit regulations. The most important change is the introduction of "supplementary maternity leave", which is available to parents of prematurely born children and children born at term but requiring hospitalisation after birth. Supplementary maternity leave is granted immediately after the basic maternity leave has been used and may last a maximum of 8 to 15 weeks, depending on the week of pregnancy, the child's birth weight, and the length of their hospital stay. For the entire duration of this additional leave, maternity benefit equal to 100% of the calculation basis is payable, which represents a tangible strengthening of financial protection for parents in difficult health situations involving their child.

Another significant change concerns the right to maternity benefits following a miscarriage or the birth of a stillborn child. From this date, the right to maternity leave and benefits also applies in cases of very early pregnancy loss, without the need to determine the child's sex. In such cases, maternity benefits are payable at 100% of the calculation basis, both to employees and to persons covered by sickness insurance on other grounds, such as contractors and self-employed individuals.

Employees are entitled to annual holiday leave of 20 or 26 working days per year, depending on their total employment history and level of education. Unused holiday leave may be compensated with cash only when employment ends. However, recent legal changes allowed payment sometimes within ten days of the termination of the employment relationship, which is later than under the previous rules.

Polish labour law also provides for a number of situations in which employees are entitled to paid or unpaid leave. The planned implementation will probably introduce additional "emergency" leave.
Generally, employees on sick leave, maternity/paternity leave and during holiday leave enjoy special protection against the termination of their employment contracts.

Non-competition clauses

A non-competition clause can be included in a separate contract between the employer and employee and relate to the duration of the employment relationship or extend to a period following the termination of this relationship. The former is allowed without any constraints, and its application does not entail the need to provide compensation to the employee. The latter may only be concluded with employees that have access to important information whose disclosure could cause a loss to the employer. A non-competition clause extending beyond the period of employment should indicate the period of its effectiveness and compensation for the employee in exchange for observing the ban. This compensation must be at least 25% of the remuneration actually received by the employee during the period preceding the termination of the employment contract for the period of the ban.

Overtime work

Generally, standard working hours may not exceed eight hours a day and an average 40 hours in an average five-day working week in an adopted settlement period, unless specific work conditions (e.g. arising from activity conducted by the employer) justify alternative solutions.

If working overtime, employees are entitled to additional remuneration of 50% for overtime work on normal workdays, or 100% for overtime work at night, on Sundays and public holidays, of their hourly remuneration. Alternatively, employees may be compensated for overtime with time off. Company directors (if employed under an employment contract) as well as high-level managers of companies are usually not entitled to additional remuneration for overtime work.

Redundancies

Group redundancies

Any redundancy brought about by an employer that employs at least 20 persons for reasons not related to the employees, and which results in the termination of employment contracts of:

1. ten employees, if an employer employs fewer than 100 employees;
2. 10% of employees if an employer employs at least 100 employees, but fewer than 300; or
3. 30 employees if an employer employs at least 300 employees,

during a period of 30 days, constitutes a group redundancy.

Group redundancies are subject to certain conditions, including the employer's obligation to consult the employee representatives in advance, and should whenever possible be done on the terms of an agreement concluded with them. The procedure also entails notification to the competent Labour Offices.

Employees who are made redundant are entitled to statutory redundancy pay in an amount that is the equivalent of between one and three times their monthly salary, depending on the length of service. Due to the increase in the monthly national minimum remuneration from 2026, the maximum statutory redundancy payment is PLN 72,090 (EUR 16,804).

Individual redundancies

Individual redundancies take place if the reasons for terminations by an employer employing at least 20 employees relate only to the employer. Employees who

are made redundant in individual redundancy are also entitled to the statutory redundancy pay as stated above.

Health & Safety Rules

Generally, employers are responsible for health and safety conditions in the workplace.

In addition, they must inform the relevant labour inspection and hygiene inspection authorities, of the location, type, and scope of activities that they intend to perform within 30 days of commencing commercial activity.

Depending on the type of work and possible dangers to employees, employers are obliged, in particular, to provide their employees with proper work clothes and shoes, or adequate food and beverages, or to apply special measures to prevent professional illnesses.

Employers are also obliged to appoint a competent person, which might be an employee or not, to perform H&S duties in the workplace, and, as a rule, they are obliged to establish a H&S Service if the number of their employees exceeds 100. This service is supposed perform advisory and control functions in the field of occupational health and safety.

In February 2023, new rules regarding the control of employees' sobriety came into force. In particular, the employer can introduce occasional and permanent sobriety and drug tests for employees if this is necessary for the health and safety of people or the protection of property. The employer must not allow an employee to work if a sobriety test detects alcohol or other substances with a similar effect to alcohol. The affected employee is not entitled to remuneration for such time off. However, the employee can demand that the police carry out the sobriety/drug test.

Testing the sobriety of employees must be carried out under the rules laid down in the internal workplace regulations.

Whistleblower protection

The Whistleblower Protection Act took effect in September 2024. Its purpose is to ensure the safety of individuals who report irregularities in the workplace, regardless of their basis of employment, whether an employment contract, a mandate contract, or a self-employment contract.

For employers with at least 50 employees, the law requires internal whistleblowing channels to be established. In addition, the Act expressly prohibits retaliation: employers must not terminate a contract, reduce remuneration, demote, or exclude a whistleblower from promotion on account of a report they submitted. The new law covers a broad range of violations that can be reported, including corruption, public procurement irregularities, product safety breaches, anti-money laundering and counter-terrorist financing, environmental violations, and consumer protection infringements. Employers can decide whether they want their codes of conduct and internal regulations to be covered by the whistleblowing rules.

Pay Gap

Poland has amended its Labor Code to introduce pay transparency obligations for employers during the recruitment process. The changes affect how employers disclose salary information, how they word job postings, and what questions they can ask candidates.

Employers must provide job applicants with information on the offered remuneration, either a fixed amount or a salary range determined on the basis of objective and gender-neutral criteria. Where applicable, employers must also share the relevant provisions of any collective bargaining agreement or internal remuneration regulations. Employers must deliver this information in paper or electronic form, with sufficient advance notice to allow candidates to negotiate on an informed basis. They may include it in the job posting, communicate it before the interview where no posting was issued, or present it before signing the employment contract if they have not done so earlier.

Job postings and job titles must be gender-neutral, and the entire recruitment process should be conducted in a non-discriminatory manner. Employers are explicitly banned from asking candidates about their compensation in their current or previous employment.

The obligations that have now been incorporated into Polish law represent only the first stage of implementing EU regulations. In the coming months, we can expect the regulations to be expanded to include reporting obligations, sanctions for non-compliance with equal pay rules, and new information rights for employees.

Trading

Opening hours

Shop opening hours are not regulated under Polish law. However, municipalities in particular regions are empowered to issue laws specifying the days and times at which shops can be open. Such legal provisions apply in that region.

Since March 2018 there has been a general ban on trading on Sundays and public holidays. The restriction concerns facilities where trade and trade-related activities are performed, e.g. stores in shopping centres and supermarkets. However, there are many exceptions to the Sunday trade restriction. The long list of exceptions includes petrol stations, flower shops, duty-free shops and pharmacies. There is also a full exemption for online platforms and stores.

In February 2022, amendments to the regulations concerning the ban on trading on Sundays and holidays entered into force. The most relevant amendment concerns a change to the ban on trading in postal outlets: under this new legal status, only the stores whose main activity is providing postal services can benefit from this exemption. In this way, the legislator eliminated the legal loophole that allowed most grocery stores to remain open on Sundays and holidays by providing minor postal services. These amendments also increased the number of trading Sundays before Christmas from two to three.

Under the current legal framework, the ban on Sunday trading does not apply on the three consecutive Sundays preceding Christmas Eve, on the Sunday immediately preceding the first day of Easter, and on the last Sunday of January, April, June and August.

Since 2025, 24 December (Christmas Eve) has been a public holiday in Poland and is therefore covered by the general holiday trading ban, subject to statutory exemptions. In addition, trading after 2.00 pm remains banned on the Saturday preceding the first day of Easter.

Trading on Sunday against the restriction, as well as trading after 2.00 pm on the Saturday before Easter, is subject to a fine of between PLN 1,000 and PLN 100,000 (approx. EUR 230 to EUR 23,000). The trade restrictions apply not only to regular employees, but also non-employees who perform their duties under civil law contracts.

Packaging, WEEE and batteries

Polish law sets out a number of requirements to be met regarding packaging, which are aimed at ensuring environmental protection.

As a general rule, manufacturers, importers and entities undertaking intra-community acquisitions as well as intra-community deliveries of packaging should limit the amount of substances used for the production of packaging, and their adverse effects on the environment, and the quantity of packaging waste generated. Packaging should be designed and manufactured so that:

— the volume and mass of the packaging is limited to the minimum required for the packaging to fulfil its function;
— the packaging is designed and made in a way that facilitates multiple use and subsequent recycling;
— the packaging contains as little of any hazardous substance as possible.

Packaging manufacturers, importers and entities undertaking intra-community acquisitions of packaging as well as entities introducing to trade packaged products may label packaging. If they do so, the labelling should specify the type of materials used for its production, the possibilities to reuse it and its ability to be recycled. These provisions are not an obligation on the entity and do not result in any liability for a lack of labelling. The labelling is placed on the packaging or on a label attached to it, and if the size of the packaging does not allow this, on an information leaflet attached to the packaging, in a way that does not prevent the recycling of packaging waste. The packaging label should be clear, visible, and permanent, including after the package is opened. Packaging label designs are specified in the relevant regulation.

Businesses that introduce packaged products to trade, as defined in the regulations, are obliged to ensure recovery, including recycling, of packaging waste of the

same type as the packaging in which the business introduced its products to trade. The amount of recovered and recycled waste should meet the target levels of recovery specified for particular types of packaging. Businesses that introduce packaged products to trade should also conduct public educational campaigns contributing to ecological awareness. Obligations related to packaging can be assigned to a professional subcontractor acting as a recovery organisation.

Packaging manufacturers, importers, exporters and entities undertaking intra-community acquisitions or deliveries of packaging as well as entities introducing packaged products to trade, are obliged to provide the relevant authority with annual reports on the quantity of packaging that is manufactured, brought from abroad or delivered abroad by them, broken down to reflect the types of materials from which this packaging is made and including information on achieved target levels of recovery.

In addition, there are regulations in Polish law that oblige entities introducing products in packaging, until 31 December 2030 and in the following years, to declare the percentage of recycled content.

Sellers of packaged products are obliged to provide users with information on the packaging itself and its waste, as well as information relating to systems for returning, collecting or recovering this packaging, including recycling, the appropriate waste-handling methods, and the meaning of the information on the labelling. Retail outlets with a sales area exceeding 2,000 m^2 are obliged to carry out the selective collection of waste packaging of the products they sell at their own expense, except for packaging covered by the deposit system.

Keeping waste records, keeping a register of entities introducing products, products in packaging and managing waste, and reporting only takes place in electronic form, via an individual account in the Database on Products, Packaging and Waste Management (“**BDO**”). The written form of submitting applications is available only to foreign business entities and other foreign persons participating in business transactions that have not established a branch in Poland.

Changes in 2022 regarding BDO are related to conducting activities in the preparation for re-use, recycling or other recovery as part of the prepared waste register. From 1 January 2022, these entities have been obliged to put additional information on the loss of waste status (if any), as well as on products and materials resulting from the above-mentioned processes. Such information is to be provided both on waste record cards and on municipal waste record cards.

Since 1 January 2018, entities operating retail and wholesale stores have not been able to offer plastic shopping bags free of charge due to European Union regulations. A recycling fee must be charged for all types of plastic bags with a total thickness equal to or over 15 microns. The fee is currently PLN 0.20 plus 23% VAT per bag, which should be added to the current price of a bag or should be its basic fee. Lightweight shopping bags less than 15 microns thick that are used, e.g., to pack loose food such as meat, fruit, and vegetables remain free of charge.

The collected fees are due to be paid on a quarterly basis. The recycling fee should be paid to a separate bank account kept by the Voivodship marshal by the 15th day of the month following the quarter in which it was collected. Another obligation on businesses operating retail and wholesale stores is to keep records of the number of light and other plastic shopping bags purchased and issued in a calendar year. These records should be kept in paper form or in electronic form. A business operating more than one retail or wholesale unit in which plastic shopping bags are offered, covered by a recycling fee, should keep records separately for individual units. The information contained in the records should be kept for five years from the end of the calendar year to which the information relates.
From 2020, businesses operating retail or wholesale units and charging a recycling fee for plastic bags have to submit an annual report on products, packaging and waste management, including information on the number of purchased and issued plastic shopping bags. The annual report must be submitted by 15 March each year for the previous calendar year. Supervision over compliance with the provisions on lightweight shopping bags is carried out by the Trade Inspectorate. Retailers or wholesalers who charge no fees will be subject to fines ranging from PLN 500 to PLN 20,000 (approx. EUR 110 to EUR 4,400).

In general, entities that carry out activities that generate waste must plan, design and conduct such activities in a manner that:

- prevents the generation of waste, limits the amount of waste generated, or limits its adverse impact on the environment both during the manufacturing process and during and after the application of this process;
- ensures recovery processes that are consistent with environmental protection principles, where the generation of waste could not be prevented;
- ensures the disposal of waste that could not be avoided or recovered.

There are also requirements concerning preventing food waste resulting from European Union regulations. From 2020, to prevent food waste, businesses that are considered to be food business operators, carrying out sales of food in retail or wholesale trade units of a sales area exceeding 400 square meters having at least 50% of their total revenues from sales of food are also required to:

- enter into an agreement with an NGO concerning food transfer;
- conduct educational and informational campaigns on the rational management of food and prevention of food waste;
- pay a fee for food waste, calculated as the product of the applicable rate and the weight of food wasted during the calendar year. The fee is due by 30 April of the following year;
- file an annual report on food waste by 31 March each year.

Supervision of compliance with the provisions on preventing food waste is carried out by the Inspectorate of Environmental Protection. A failure to meet the above requirements could result in fines ranging from PLN 500 to PLN 10,000 (approx. EUR 110 to EUR 2,200).

On 13 October 2023, the Act of 13 July 2023 amending the Act on Packaging and Packaging Waste Management and certain other acts entered into force (the “**Deposit System Act**”). This act introduced a deposit system for packaging, applying to single-use plastic bottles of up to 3 litres, reusable glass bottles of up to 1.5 litres, and metal cans of up to 1 litre. The Deposit System Act also sets out the conditions that deposit systems must meet. Among other things, such system must cover national territory by ensuring that each municipality has at least one permanent collection point for packaging and packaging waste, and have universal and equal access for end-users, as well as for those introducing beverage packaging products. More than one system is possible. The deposit system was introduced in Poland in October 2025.

The deposit system enables the return of packaging to shops. Shops of over 200 m^2 must collect empty packaging on a mandatory basis, while smaller shops may join the scheme voluntarily.

A deposit of PLN 0.50 is added to single-use plastic bottles of up to 3 litres, reusable glass bottles of up to 1.5 litres, and metal cans of up to 1 litre.

The consumer is not required to show a receipt to receive the deposit paid earlier. In addition, the Deposit System Act established rules for the financing of the deposit system. The deposit goes to the consumer when the package is returned, and unclaimed deposits will fund the deposit system.

Business operators placing packaged products on the market appoint an operator. This representative entity represents them and is responsible for the implementation and operation of the deposit system.

The achievement of levels of the separate collection of packaging and packaging waste collected under the deposit system is also linked to the deposit system. The introducer of beverage packaging products is required to achieve a minimum level of separate collection of packaging and packaging waste at the following levels:

- 77% for 2025-2028; and
- 90% for 2029 and after.

A business operating a retail or wholesale unit with a sales area up to 200 m^2, where end users are offered beverage products in packaging covered by the deposit system, is subject to specific participation obligations depending on the type of packaging involved.

Where the packaging consists of single-use plastic beverage bottles with a capacity of up to 3 litres or metal cans with a capacity of up to 1 litre, the entrepreneur is required to participate in the deposit system at least to the extent of collecting deposits from customers. In addition, the entrepreneur may voluntarily participate in the system by refunding deposits and collecting empty packaging and packaging waste, although this is not mandatory.

Where the packaging consists of reusable glass beverage bottles with a capacity of up to 1.5 litres, the entrepreneur's obligations are broader. In that case, the entrepreneur is required to participate in the deposit system at least to the extent of both collecting and refunding deposits, as well as collecting the empty packaging. This reflects the reusable nature of glass bottles, which necessitates a more complete cycle of return and collection at the point of sale.

Regarding reusable glass beverage bottles with a capacity of up to 1.5 litres, a business operator that introduces beverages in such packaging onto the market, may join a deposit system established by a representative entity on a voluntary basis for products in that type of packaging. This voluntary participation applies until 31 December 2028.

Packages in which beverage products were placed on the market before the date for joining the deposit scheme may be used until they are depleted, returned, or out of stock. No deposit is charged for such packaging. On the other hand, if those who introduce beverages in packaging do not set up a deposit system or do not achieve the required levels of separate collection of packaging and waste, they will have to pay a product levy.

In addition, the Deposit System Act established a template for the labelling of deposit packaging, which must state that a deposit is charged and the deposit amount. The information should be clear, visible, legible and permanent, contrasting with the background and placed on the label.

SUP Directive implementation

Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment (the "**SUP Directive**") was implemented by the Act of 14 April 2023 amending the Act on obligations of business operators regarding the management of certain waste and the product levy and certain other acts (the "**Act**"). The SUP Directive only applies to selected plastic products and prohibits placing certain single-use plastic products on the market. The SUP Directive also provides for the obligation to label certain single-use plastic products and imposes an obligation to charge a fee for single-use packaging.

The Act entered into force in May 2023, but some provisions only took effect in 2025. The revised regulations apply to manufacturers of single-use plastic products. This refers to products that are made wholly or partly of plastics and that are not intended, designed or placed on the market to achieve, within their life cycle, multiple use by returning them for refilling or reuse for the same purpose for which they were originally intended.

The Act identifies a catalogue of single-use plastic products that may not be placed on the market (cotton buds, cutlery, plates, straws and stirring sticks, balloon sticks and food and drink containers made of expanded polystyrene and oxidegradable plastic products). Violations carry an administrative fine of up to PLN 500,000. Furthermore, business operators marketing single-use plastic products such as beverage cups, sanitary towels, tampons and applicators, wet wipes and tobacco products must display appropriate information on the product packaging to indicate that the product contains plastic. The implementation of the SUP Directive also introduces two types of levies:

— the SUP levy: charged to the end-user who purchases packaging, beverages or food in such packaging for their own use, without further resale; and
— the EPR (Extended Producer Responsibility) levy: charged to business operators placing single-use plastic products on the market, which is used towards the cost of managing waste arising from these products.

The Act also specified the amount of recyclate (recycled material) that must be present in single-use plastic bottles. From 2025, the amount is 25% and from 2030 it will be 30%. In addition, in 2025 the annual level of separate collection of single-use plastic bottles was 77%, rising to 90% in 2029.

Business entities introducing to trade oils and tyres, electrical or electronic equipment and batteries are obliged to fulfil a number of statutory obligations, including to reach certain target levels of the collection or recovery, and specifically the recycling, of post-use waste (including oils and tyres), waste from electrical and electronic equipment ("**WEEE**") and batteries. WEEE includes in particular waste from electric or electronic household appliances, telecommunication equipment, audio-video equipment, lighting, tools, toys and some other specialised equipment. These obligations may be performed by the company on its own, or by a subcontractor (a recovery organisation). Entities not complying with these obligations must pay a product fee, calculated for a failure to achieve the required levels of recovery, recycling or collection. In addition, as a rule non-compliance with the obligations regarding the aforementioned products is subject to fines, where the most significant is a fine of between PLN 10,000 and PLN 1,000,000 (EUR 2,300 and EUR 233,000).

Another piece of legislation is Regulation (UE) 2023/1542 of the European Parliament and of the Council of 12 July 2023 concerning batteries and waste batteries, amending Directive 2008/98/EC and Regulation (EU) 2019/1020 and repealing Directive 2006/66/EC (the "**Batteries Regulation**"), which is directly effective and does not require implementation into Polish law.

This regulation introduces declaration requirements, performance classes and maximum limits on the carbon footprint of electric vehicles, light means of transport (such as e-bikes and scooters), and rechargeable industrial batteries, starting in 2025.

The Batteries Regulation applies irrespective of whether the battery is incorporated into appliances, light transport vehicles or other vehicles or otherwise incorporated into products, or whether the battery is placed on the market or put into service in the EU separately. The regulation ensures that batteries placed on the EU single market will only be allowed to contain a restricted number of harmful substances that are necessary. Substances of concern used in batteries will be regularly reviewed.

Targets for recycling efficiency, material recovery and recycled content are being introduced gradually from 2025 onwards. All collected waste batteries will have to be recycled and high levels of recovery will have to be achieved, in particular of critical raw materials such as cobalt, lithium and nickel.

The Batteries Regulation introduces labelling and information requirements, among other things, on the battery's components and recycled content, and an electronic "battery passport" and a QR code. Labelling requirements will apply from August 2026 and the QR code from 2027.

Under the Batteries Regulation's due diligence obligations, companies must identify, prevent and address social and environmental risks linked to the sourcing, processing and trading of raw materials such as lithium, cobalt, nickel and natural graphite contained in their batteries.

In addition to the Batteries Regulation, Poland maintains separate national legislation governing batteries and accumulators. The Act of 24 April 2009 on batteries and accumulators (the "**Batteries Act**") establishes a comprehensive regulatory framework governing the lifecycle of batteries and accumulators placed on the Polish market.

The Batteries Act sets out the rights and obligations of the following categories of entities: (i) placing batteries or accumulators on the market; (ii) distributing batteries, accumulators or equipment containing them; (iii) involved in the collection, treatment, recycling or disposal of waste batteries and waste accumulators; and (iv) using batteries or accumulators. The Batteries Act applies to all types of batteries and accumulators produced and placed on the market, regardless of their shape, volume, weight, material composition or intended use.

Planned legislation

A draft act on packaging and packaging waste (the "**Draft Act on Packaging**") is undergoing the Polish legislative procedure. The primary objective of the Draft Act on Packaging is to establish a national legal framework for the application of Regulation (EU) 2025/40 of the European Parliament and of the Council of 19 December 2024 on packaging and packaging waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904 and repealing Directive 94/62/EC (the "**Packaging Regulation**").

The Packaging Regulation lays down requirements covering the entire life cycle of packaging regarding its environmental sustainability and labelling, with a view to enabling the placing of packaging on the market. In addition, the Packaging Regulation introduces requirements concerning extended producer responsibility, the prevention of packaging waste (including through the reduction of unnecessary packaging and the reuse or refilling of packaging), as well as requirements for the collection and treatment, including recycling, of packaging waste.

As a directly applicable EU instrument, the Packaging Regulation does not require transposition into national law in the traditional sense. However, the Draft Act on Packaging is intended to put in place the domestic institutional, procedural and enforcement mechanisms to support the effective application of the Regulation within the Polish legal order.

Labelling

Information

All products, or the product packaging, offered on the market in Poland must clearly specify the name of the product and the name and place of business of the manufacturer, its country of residence (if outside the EEA) and information necessary to identify the product, unless its intended use is apparent. In addition, it may also be necessary to mark a product with a mark identifying it or its production lot.

Products must not be labelled in a way that can mislead consumers about the product's origin, quality, quantity, components, production method, uses or conservation, repair or maintenance, or that can be misleading about any other material features. Nor can product labelling aim to conceal or minimise any inherent risk that results from using a product in a certain way. Similarly, products must also be labelled in such a way that no relevant information is omitted.

Certain types of products, e.g. foodstuffs, toys, cosmetics and textile products, are also covered by additional regulations relating to labelling where there may be more detailed product labelling requirements to adhere to.

In 2024, the EU adopted Directive (EU) 2024/825 aimed at strengthening consumer protection against unfair commercial practices linked to greenwashing and misleading sustainability information. The directive entered into force on 27 March 2024. Member States had to transpose it by 27 March 2026, and the new rules will apply from 27 September 2026. The directive

particularly affects environmental claims and sustainability labels used in B2C communication. As of 1 March 2026, Poland had not yet implemented the Directive. A draft bill has been published, but the law had not yet been adopted.

Separate from Directive (EU) 2024/825, the EU is also working on the proposed Green Claims Directive (COM(2023) 166), which would introduce more specific rules on the substantiation, verification and communication of explicit environmental claims and environmental labelling in B2C practices. As of now, this remains a legislative proposal and has not yet been finally adopted.

Prices

As a general rule, products for retail sale must be marked with the sale price and unit price, which can be displayed in the form of a price label (e.g. a price tag, a price ticket, or table), price list, catalogue, dust cover, print or inscription on the product or its packaging. This information should be presented on the product, directly next to the product or in the vicinity of the product, so it is impossible to confuse the price of a particular product with other prices.

On 1 January 2023, additional consumer protection regulations, resulting from the implementation of the Omnibus Directive, came into force in Poland. The new rules concern promotions, advertisements and sales of products where a product’s prices are compared. In such cases:

Generally, sellers that organise advertisements, promotions and sales of products are required to inform consumers not only of the current price of the product, but also of the lowest price of that product within the last 30 days preceding the promotion/sale.

Sellers that organise advertisements, promotions and sales of perishable products with a short shelf life (less than 30 days) are required to inform the consumer of the current price of the product as well as the price before the first reduction.

Sellers that organise advertisements, promotions and sales of products that have been on offer for less than 30 days are required to inform the consumer of the current price of the product and indicate the lowest price since the first offering of the good.

These regulations cover both stationary and online stores. Sellers do not need to follow these regulations when simply reducing the regular price of a product (and when not organising a promotion/sale for that product with a price comparison). Similarly, the new regulations do not apply to activities involving the promotion of sale offers that do not contain an element of comparing a product's prices, e.g. general marketing statements, or bundled offers (e.g. multi-packs). As a general rule, the information on the price labels should be clear and legible, and must leave the consumer in no doubt as to the price due. The prices of products that are not accessible or visible to consumers should be specified in price lists. Prices must be up-to-date and must include VAT and excise tax.

In addition, under the new regulations on price-comparison promotions, sellers must present information on the reduced price of the product in a sufficiently clear manner, so as not to mislead consumers. Information about the lowest price of the product in the 30 days preceding the promotion should be presented directly next to the current (reduced) price. The lowest price of the previous 30 days can be crossed out, as long as it is still legible and it is clear what the price represents. According to Polish Consumer Authority guidelines, the lowest price of the previous 30 days must be clearly labelled as "the lowest price in the 30 days before the reduction". Shortened or alternative labels, such as "starting price", are not permitted as a rule. As for online stores, the price should not be displayed in a much smaller font than the reduced price or in an illegible colour or low contrast.

In cases of price divergence or doubts as to the price of a good or service, a consumer has the right to demand the sale at the price most advantageous for them.

» *Failure to comply with above regulations on prices may constitute a breach of collective consumer interests and result in a fine of up to 10% of the turnover per company and up to PLN 2,000,000 (EUR 460,000) per manager being imposed by the Polish competition authority.*

Alternatively, if it is found during an inspection that a retailer is not observing the laws governing the display

of prices, the Trade Inspectorate may impose a fine up to PLN 20,000 (EUR 4,600) per infringement. If there are at least three infringements during 12 months beginning from the date of the first infringement, the Trade Inspectorate may impose a fine up to PLN 40,000 (EUR 9,230). However, if an inspection is conducted as part of the President of the Competition and Consumer Protection Authority's proceedings, the Trade Inspectorate will not impose those penalties.

CE mark

The CE mark shows that the manufacturer has assessed the product and declared that it meets the applicable EU requirements. The CE mark is mandatory for many products placed on the market in the European Union and European Economic Area. By affixing the CE mark, the manufacturer or person placing the product on the market or putting it into service confirms that the item meets all the essential requirements of the relevant directive or directives (of which there are approx. 25 in total). Thus, products that are not encompassed by one of the relevant Directives should not have the CE mark. Products that require the CE mark include toys, explosives, medical devices, electrical goods, machinery and yachts. Relevant products need to display only one CE mark, even if they are covered by more than one directive.

The CE mark must be visible, legible and indelible, placed either on the product itself, or on the packaging of the product and on any accompanying documentation, as appropriate. If legislation stipulates that a notified body must assess the conformity of products, then the identification number of this notified body should follow the CE mark. Failure to label the product with a CE mark may result in a fine of up to PLN 20,000 (approx. EUR 4,600).

E-commerce

Services by electronic means

The Polish electronic commerce market has grown significantly over the last several years.

One of the regulations applicable to e-commerce is the Law on the Provision of Services by Electronics Means (the "**Law**"). It provides the legal framework for the provision of electronic services and specifies the duties of service providers, the limitations to their liability, and protects the personal data of service receivers.

Services provided by electronic means are services that are provided through public telecoms networks solely by electronic means and at a distance, i.e. without the simultaneous presence of both parties, and which are provided at the request of service receivers. The definition of electronic services embraces generally all services provided on the internet, e.g. e-shops, e-marketplaces, internet forums, newsletters, hosting services, and subscriptions to on-line newspapers.

Service providers have a number of obligations, including to provide service receivers with certain information, e.g. their full name, surname, company name and registered seat, as well as with contact details (electronic addresses). Service receivers must be warned about the risks related to the use of electronic services provided by electronic means (e.g. computer viruses) and informed about security measures implemented by the service provider (e.g. SSL encryption protocol). Service providers must also issue terms of providing electronic services containing information required under the Law.

In addition, the Law defines the liability of the service provider as well as exemptions from this liability.

Spam

In August 2025, the Electronic Communications Law of 12 July 2024 ("**ECL**") entered into force, replacing the Telecommunications Law of 16 July 2004 and transposing the European Electronic Communications Code (EECC) into the Polish legal system. The ECL introduced significant changes to the regulatory framework for electronic communications, including the consolidation of rules on unsolicited commercial information (spam) and direct marketing.

Under the ECL, it is prohibited to use automated calling systems and telecommunications terminal equipment (including for e-mail, SMS and phone calls) to send commercial information, including direct marketing, to a subscriber or end user without their prior consent. Previously, these rules were split between the Law on the Provision of Services by Electronic Means and the Telecommunications Law but are now consolidated in Article 398 of the ECL. Consent may be expressed by the subscriber or end user making their electronic address available for the purpose of receiving commercial information. The cost of sending unsolicited commercial information must not be borne by the subscriber or end user. Under the ECL, the provisions on

the protection of personal data apply accordingly to obtaining consent from subscribers and end users. Therefore, the requirements for consent provided in the General Data Protection Regulation apply to consents to sending commercial information by electronic means. This means that consent should be informed, freely given, and documented. It is also market practice to ask for consent for each communication channel by separate checkboxes for SMS, marketing calls, etc. In addition, service providers should ensure that service receivers can withdraw their consent at any time and that it is as easy to withdraw consent as it is to give it.

Omnibus Directive, Digital Directive and Sale of Goods Directive in the e-commerce sector

On 1 January 2023, two acts came into force that implement three EU directives into the Polish legal system. One act implements the Omnibus Directive while the other puts into effect the Digital Directive and the Sale of Goods Directive.

The Omnibus Directive is crucial for the broadly defined e-commerce market. The Implementing Act introduces a number of legislative changes mainly in laws relating to consumer rights, such as the Consumer Rights Act of 30 May 2014, the Competition and Consumer Protection Act of 16 February 2007, and the Act on Informing on Prices of Goods and Services of 9 May 2014. The most significant changes for e-commerce entities are: (i) the obligation to precisely describe the feedback mechanism, i.e. if a trader displays opinions on products, it must specify how they are collected, moderated and published; (ii) the obligation to indicate, whenever a price reduction is announced, the lowest price applied during the 30 days preceding the reduction (or, if the product or service has been offered for less than 30 days, the lowest price applied since it was first offered); and (iii) the obligation to inform the customer of the telephone number at which the seller's support staff can be reached.
The Digital Directive sets out rules governing certain requirements for agreements relating to the provision of digital content or digital services (e.g. e-books, apps and computer programmes), while the Sale of Goods Directive sets out rules on certain requirements for agreements relating to the sale of goods.

Payment terms in B2B transactions

In Poland, payment terms in commercial transactions are regulated by the Act on combating excessive delays in commercial transactions (the "**Act**"). The Act mainly regulates the parties' rights and obligations regarding payment deadlines in commercial transactions, the consequences of failure to perform such obligations, and proceedings regarding excessive delay in the performance of cash benefits.

The Act puts multiple obligations especially on large businesses, within the meaning of the Act. A large business is one which does not belong to the micro-, small- or medium-sized (SME) category. In principle, this will be a company with more than 250 employees or with a revenue of more than EUR 50 million/balance sheet total of more than EUR 43 million. However, determining the status of a large business may in practice prove to be problematic, as the Act refers in this respect to the EU definition of an SME or large business given in state aid legislation, which introduces further detailed rules. For example, when determining if a company is a large business within the meaning of the Act, the staff number and turnover data should take into account not only the large business itself, but also the data of linked and partner enterprises, including companies from the capital group.

The Act regulates firm payment terms in contracts where a large business is the debtor.

In such contracts, where the party obliged to pay (the debtor) is a large business, payment terms must not exceed 60 days. This period cannot be contractually extended as such extension would be invalid by law.

This restriction only applies in “asymmetric” transactions i.e. transactions concluded between a large business as debtor and a micro-, small- or medium-sized enterprise (SME) as creditor. The restriction will not apply in symmetric transactions, in which both parties belong to the same category of business entity (large or SME) or in transactions where the large business acts as a creditor. In such cases, a payment period exceeding 60 days can be introduced, but it would have to be explicitly stipulated in the contract and cannot be grossly unfair to the creditor. Separate payment terms and rules apply to transactions with public entities.

Under the Act, certain entities are also obliged to submit a report on the due payment dates in commercial transactions in the preceding calendar year, by 30 April each year. This reporting obligation rests directly with the entity, and the responsibility for compliance with it rests with the entity’s manager. The entity’s manager must be a member of the management board or other governing body, or a person who fulfils the function of that body. Where the entity does not have such a body, its manager will be considered the person in charge of the entity’s operations.

In addition, large entities are obliged to submit a representation on maintaining, acquiring or losing the status of a “large enterprise” regardless of whether the large business acts as a debtor or a creditor in a commercial transaction. The representation is submitted once, in the form in which the commercial transaction is made (simple written form, written form with a “certain date” certified by a notary public, etc.).

Under the Act, an excessive delay in payments occurs where, in three consecutive months, the sum of due payments unpaid and paid late is at least PLN 2,000,000. These delays will be the subject of proceedings before the President of the Office for the Competition and Consumer Protection and will be sanctioned with a fine. The amount of the fine will mainly depend on the value of the unfulfilled cash benefit and the due date. The fine will be calculated according to a special algorithm stipulated in the Act. Additionally, such actions will constitute an act of unfair competition.
In September 2023, the European Commission presented a draft regulation on late payments in commercial transactions. The proposed EU Regulation would replace existing regulations in this area at the European as well as the national level. The regulation would introduce, e.g. an obligation in each case to pay debts within 30 days from the date of delivery of the invoice and delivery of the goods/provision of the service. The changes are still in the legislative process and have not yet entered into force. As of 1 March 2026, the proposal has not entered into force and remains in the legislative process at the EU level.

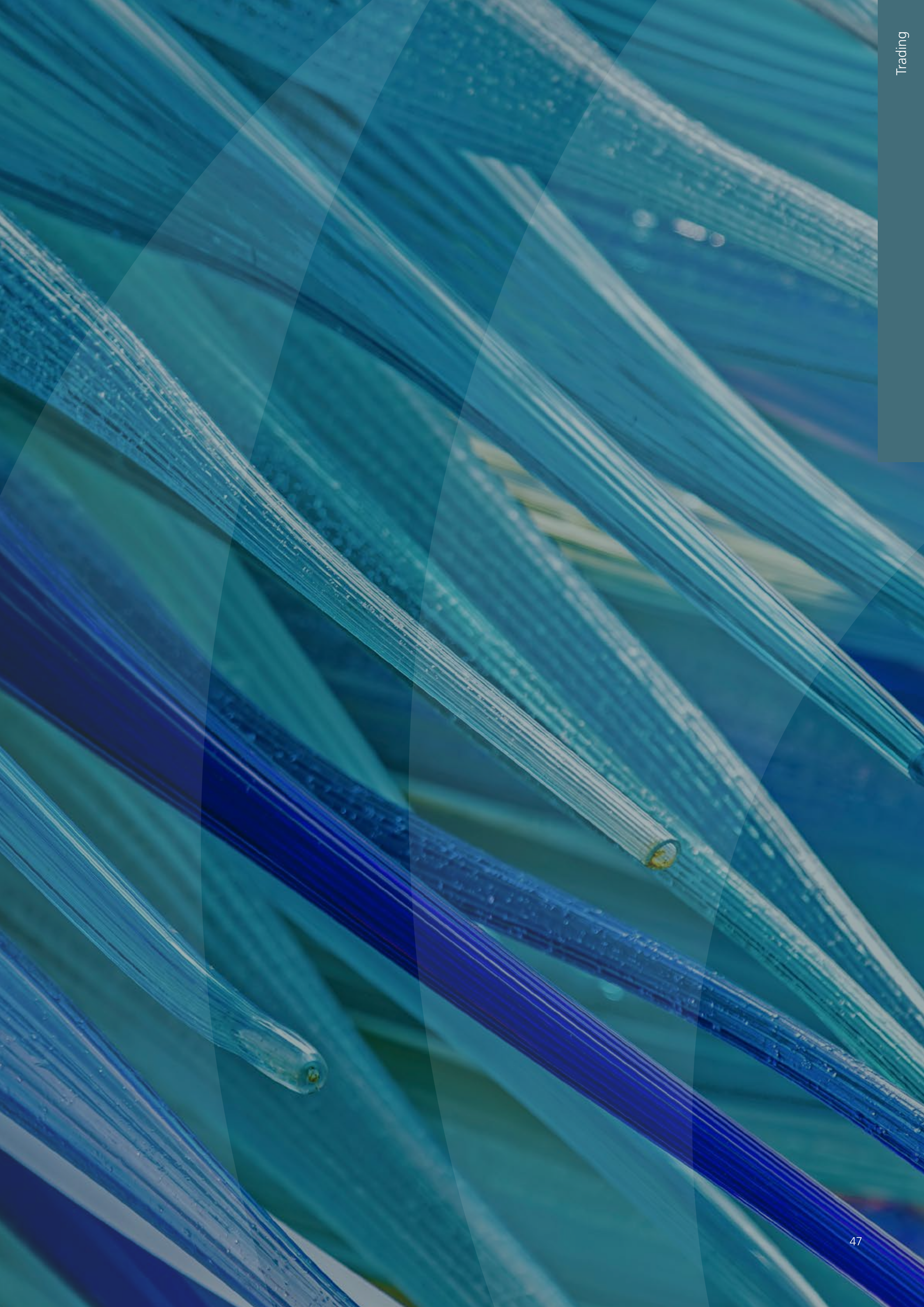
Unfair trading practices

The functioning of the food supply chain and the imbalances in bargaining power between business entities operating at different levels in the chain are mainly regulated by Directive (EU) 2019/633 of the European Parliament and of the Council (the “**Directive**”) of 17 April 2019.

On 23 December 2021, the Directive was transposed into the Polish national law by the Act of 17 November 2021 on Counteracting the Unfair Use of Contractual Advantage in the Trade in Agricultural and Food Products (the “**Act**”).

The Act applies to the activities of the businesses active in the agri-food sector and includes a general clause prohibiting the unfair use of contractual advantage by the buyer against the supplier, and the supplier against the buyer. According to the Act, such use is unfair if it is contrary to good practices and endangers the material interests of the other party. In particular, the Act applies where there is a considerable disproportion between the buyer and the supplies in terms of their economic strengths. That said, the decisional practice of the Polish President of the Office of Competition and Consumer Protection shows that most often, the advantage does exist and is unfairly used by an economically stronger buyer against an economically weaker supplier.

In addition, the Act includes a non-exhaustive list of 16 practices that can be considered as unfair use of



contractual advantage, of which ten practices are prohibited in all circumstances, and six are allowed if they were agreed by the supplier and the buyer in a clear and unambiguous manner before their application in the agreement, or provided that other conditions specified in law have been met.
In general, the Act mirrors the list of prohibited practices set out in the Directive but extends its scope to include one additional, country-specific practice, namely reducing the amount due for the supply of agricultural and food products after it has been accepted by the buyer in full or in the agreed part, in particular as a result of a demand for a discount.

The Polish President of the Office of Competition and Consumer Protection is the competent authority regarding the enforcement of the Act. It is entitled to impose fines of up to 3% of the turnover achieved by a "wrong-doer" in the financial year preceding the year in which the fine is imposed, as well as impose fines on a managing individual (an individual person) of up to 50 times the average monthly remuneration in the business sector, calculated on the basis of separate regulations, if such individual, either intentionally or unintentionally: (i) fails to implement the decision of the PCA; or (ii) prevents or impedes the commencement or performance of an inspection.

Cross-border trade

Customs duty
Since 1 May 2004, customs matters in Poland have been governed by the Community Customs Code, established by Council Regulation No 2913/92. Currently, customs issues are governed by the Union Customs Code introduced by Council Regulation No 952/2013 and supplemented by the Polish Customs Law.

In general, all provisions regarding customs regulations in Poland are in line with EU Law.

VAT

(a) Intra-Community supply of goods from Poland

In general, the Polish Act on VAT is in line with the provisions of EU law.

The structure of the Polish intra-Community VAT number is consistent with EU standards: PLxxxxxxxxxx, where "x" is a digit.

Under Polish VAT regulations, an intra-Community supply of goods from Poland to another EU member state may be subject to a 0% VAT rate if the following conditions are met:

(i) the buyer is registered for VAT purposes in another Member State and has a valid VAT number issued for intra-Community transactions;

(ii) the goods are dispatched or transported to another EU Member State;

(iii) the supplier has documents confirming that the goods actually left Poland and that the goods were delivered to a buyer from another Member State; and

(iv) the supplier must be registered as an EU VAT taxpayer not later than on the day of submitting the tax return in which the taxpayer shows the intra-Community supply of goods.

(b) VAT refunds

Foreign taxable persons who are not established in Poland and who incur Polish VAT on business expenditures in Poland may under certain conditions claim VAT refunds. They are eligible to do so if the following conditions are met:

(i) they are registered for VAT purposes or a similar tax in their home country;

(ii) they do not conduct taxable activities in Poland, with certain exceptions; and

(iii) their home country regulations allow Polish businesses to claim VAT refunds (reciprocity). This condition applies to foreign taxable persons

established outside the European Union.

Claims must be submitted by 30 September of the year following the year in which the VAT that is the subject of the claim was charged to the relevant tax office. The completed claim forms should contain the following attachments:

(i) the original invoices;

(ii) a certificate of the taxpayer's registration as a taxpayer of VAT or a tax of a similar nature in the country of its seat. This condition applies to foreign taxable persons established outside the European Union.

A decision regarding a VAT refund is issued within four months from the date of the Tax Authorities receiving an application with all the required documents. However, the Tax Authorities may extend this time limit in order to verify the claim. The whole procedure cannot take longer than eight months from the date on which the application is filed.

Excise duty

Excise duty regulations are consistent with the appropriate EU Directives. Polish legal regulations implement the majority of EU legislation regarding excise duty concerning free zones, tax warehouses, suspension arrangements, registered and non-registered traders, etc.

Foreign exchange regulations

Generally, Polish foreign exchange regulations introduced the principle of free movement of capital. Entities registered in the EU, OECD and EEA are treated with priority, and currency transactions in their case are subject to more lenient provisions. Foreign exchange restrictions are not very significant, especially regarding EU residents.

Trans-border money transfers of convertible currencies from one bank account to another do not require any permits. There are no restrictions regarding the transfer amount. The only requirement is that regarding remittances exceeding EUR 15,000, residents are obliged to perform such transfers to non-residents (e.g. EU residents) through a bank authorised to engage in foreign exchange transactions; most banks have such authorisation. Polish law does not prohibit remittance through a legal parallel market, including convertible negotiable instruments such as granting euro-denominated Polish bonds instead of making an immediate payment in EUR. There have never been any serious difficulties or delays in transferring investment returns such as dividends, royalties, return of capital, lease payments, or management fees. Capital invested in Poland is always freely withdrawn in cases of liquidation or decreases in share capital. No permit is required for the full repatriation of profits and dividend payments.

Competition issues

Distribution

General remarks

Distribution agreements might infringe competition law if they contain certain restrictive clauses, such as resale price maintenance, various non-compete obligations, absolute territorial protection, export bans, etc. Certain restrictions, such as resale price maintenance, are prohibited regardless of market share. Other restrictive clauses are permissible if each of the supplier's and the purchaser's market shares do not exceed 30% of the relevant market for contractual goods and services (and other conditions are met).

On 10 May 2022, the European Commission (the "**EC**") adopted the revised Vertical Block Exemption Regulation (the "**VBER**") and accompanying Guidelines. The rules took effect on 1 June 2022.

These documents provide for the rules of distribution agreements and other forms of cooperation between non-competing entities under competition law, the most common of which together with their restrictive effects are described below.

The amended VBER and Guidelines introduced some revolutionary changes to the current approach regarding distribution agreements. The main goal of the changes is to provide useful, practical guidelines for businesses regarding specific types of arrangements. In the context of distribution agreements, the goals were a clear and comprehensive rearrangement of the rules regarding distribution models as well as providing more flexibility in the distribution set-up.

Furthermore, Regulation of the Council of Ministers of 22 May 2023 on excluding certain types of vertical agreements from the prohibition on restrictive agreements, which is the Polish equivalent of the VBER, entered into force on 1 June 2023. The modifications introduced by this regulation involve adjusting the exemptions to current commercial conditions for the distribution of goods and services, in accordance with the VBER.

Agency agreements

Under an agency agreement, the agent is granted authority to negotiate and/or conclude contracts for the purchase or sale of goods or services on behalf of the principal, either in the agent's own name or in the name of the principal.

If there is a "genuine agency" situation, then commercial agents are generally considered to fall outside the competition legislation, since they are usually treated as a single economic unit with the principal. As long as the agent does not bear any risk, or bears only insignificant risks regarding the contract it concludes for its principal, competition law will not apply to the agreement.

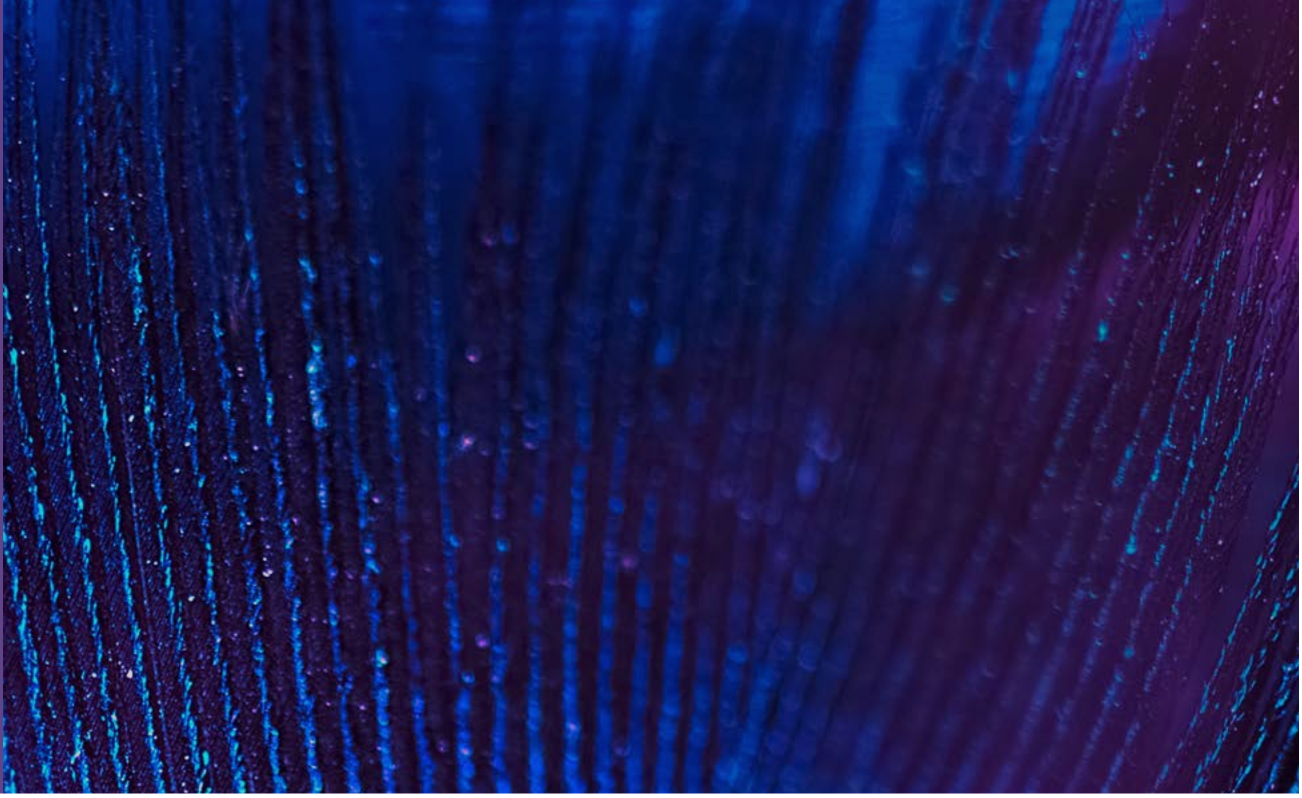
However, if the agent is not fully integrated into the principal's distribution system, but operates independently, accepts financial risks on its own account (such as taking title to the goods bought or sold), or undertakes personal liability to perform contracts, then the agency agreement may fall within the scope of competition law, unless covered by the various exemptions available. Exemptions apply to agency agreements up to the 30% market share threshold, and cover e.g. exclusivity provisions if the applicable conditions are met.

In addition, under the revised VBER/Guidelines, in cases of dual role agents where both agency and distribution models are applied in the same entity but for different goods, such an independent distributor may also qualify as a genuine agent if the following conditions are met:

- the activities and risks covered by the agency agreement can be effectively delineated;
- the independent distributor is genuinely free to enter into the agency agreement; and
- all relevant commercial and financial risks (including all investments related to the agency agreement) linked to the sale of the goods and services regarding the agency agreement are borne by the principal-supplier.

Exclusive distribution/supply agreements

Many of the common provisions contained in such agreements, such as requirements to purchase minimum quantities, long-term purchase obligations, tying provisions and non-compete obligations, are permissible, provided that the market shares of each of the supplier and the purchaser do not exceed 30% and the agreement does not include "hard-core" restrictions. In addition, non-compete obligations cannot be entered into for longer than five years or for



an indefinite period. It should be noted, however, that under the revised VBER/Guidelines, a tacitly renewable non-compete clause (beyond the five-year period) is allowed to the extent that the buyer is provided with renegotiation/termination rights.

If any party's market share exceeds 30%, the exemption does not apply and the position of the parties on the relevant market may affect the relevant authority's thinking on the permitted length of the contract and any non-compete provisions, as well as the minimum volumes of goods to be supplied. In general, the higher the market share, the less burdensome limits may be agreed. Entities with significant market power must also take care to ensure that any such provisions are not viewed as an abuse of dominance.

The exemption covers the most extreme forms of limited distribution: exclusive distribution and exclusive supply. Under the revised VBER, within the exclusive distribution system, the maximum number of distributors appointed per exclusive territory or customer group is five.

Selective distribution

A selective distribution system is a distribution system where the supplier undertakes to sell certain goods or services only to distributors selected on the basis of specified criteria. Both distributors and retailers can be appointed in the same system.

Under general principles, certain selective distribution systems do not infringe competition law at all. There are three conditions for determining whether a selective distribution system is purely qualitative and escapes the competition law prohibition:

— selective distribution must be an appropriate system for the product in question (generally this concerns sophisticated products such as luxury goods and Hi-Fi sets);
— retailers must be chosen on the basis of objective, relevant and technical criteria that are applied uniformly to all potential retailers; and
— the criteria must not go beyond the necessary minimum.

Selective distribution systems satisfying these conditions do not raise competition law concerns.

It is only the more onerous systems, involving e.g. minimum purchase obligations or where the selection of outlets is made on a quantitative basis, which might be caught by the competition law prohibition. These will be assessed in the light of the 30% market share exemption. The more general market structure may also be relevant to the assessment of anti-competitive effects of a selective distribution system.

Some provisions are prohibited irrespective of the supplier's market share. These are:

— restriction of the territory into which, or of the customers to whom, members of the selective distribution system may actively or passively sell contract goods or services (subject to certain exceptions);
— that the distributor cannot be restricted from supplying other distributors in the same selective distribution system (so, appointed wholesalers cannot be restricted from supplying other appointed wholesalers, or from supplying appointed retailers);
— retailers in a selective distribution system cannot be

restricted in selling to customers or generally be prohibited from advertising or selling via the internet, unless there is an exceptional objective justification, e.g. on the grounds of product quality or safety;

— distributors and retailers in a selective distribution system cannot be restricted in selling the brands of specified competing suppliers. An obligation requiring distributors not to resell competing brands in general will be permitted, however focusing the non-compete obligation on certain competitors will be prohibited.
— Restrictions on a retailer's ability to decide on the location of its business premises are, however, permitted.
— Distributors can be differentiated on the basis of a combination of quantitative (i.e. the number of outlets) and qualitative (i.e. the standard of the outlet and related services) criteria, however only up to the 30% market share threshold of each the supplier and the purchaser.
— If the nature of the product does not justify its sale through a selective distribution system, the exemption may be withdrawn, including in cases where the 30% market share threshold is not exceeded.

Franchising agreements

Franchising agreements are where one company, the franchiser, grants another company, the franchisee, a package of intellectual property rights relating to trademarks, signs and know-how for the sale and distribution of goods or services, usually in return for a fee or royalty.

In general, franchising agreements contain a range of vertical restraints, such as selective distribution, non-compete, and exclusive distribution, applying to both the franchisee and the franchiser. Competition law's guidelines on other types of commercial agreements are therefore also relevant to franchising agreements.

The 30% market share exemption also covers appropriate intellectual property provisions, such as trade-mark licences, contained in franchising agreements, provided that such provisions do not constitute the primary objective of the agreement, but are directly related to the use, sale or resale of the relevant goods or services, and that certain other conditions are met.

Single-branding and tying arrangements

The potential anti-competitive effects of any obligation placed on a purchaser to focus its purchases on one supplier should also be assessed. Such an obligation may relate to one type of product and is often described as "single-branding" or "quantity-forcing". As with a non-compete obligation, such restriction is exempted, subject both to the 30% market share and to the five-year cap on the duration of the exclusivity obligation. The obligation may relate to more than one product. The purchase of one product may be conditional on the purchase of another, which is usually called a "tie", or the obligation may be combined with the purchase of a whole range of products, called "full line forcing". Tying arrangements are exempted up to the market share threshold.

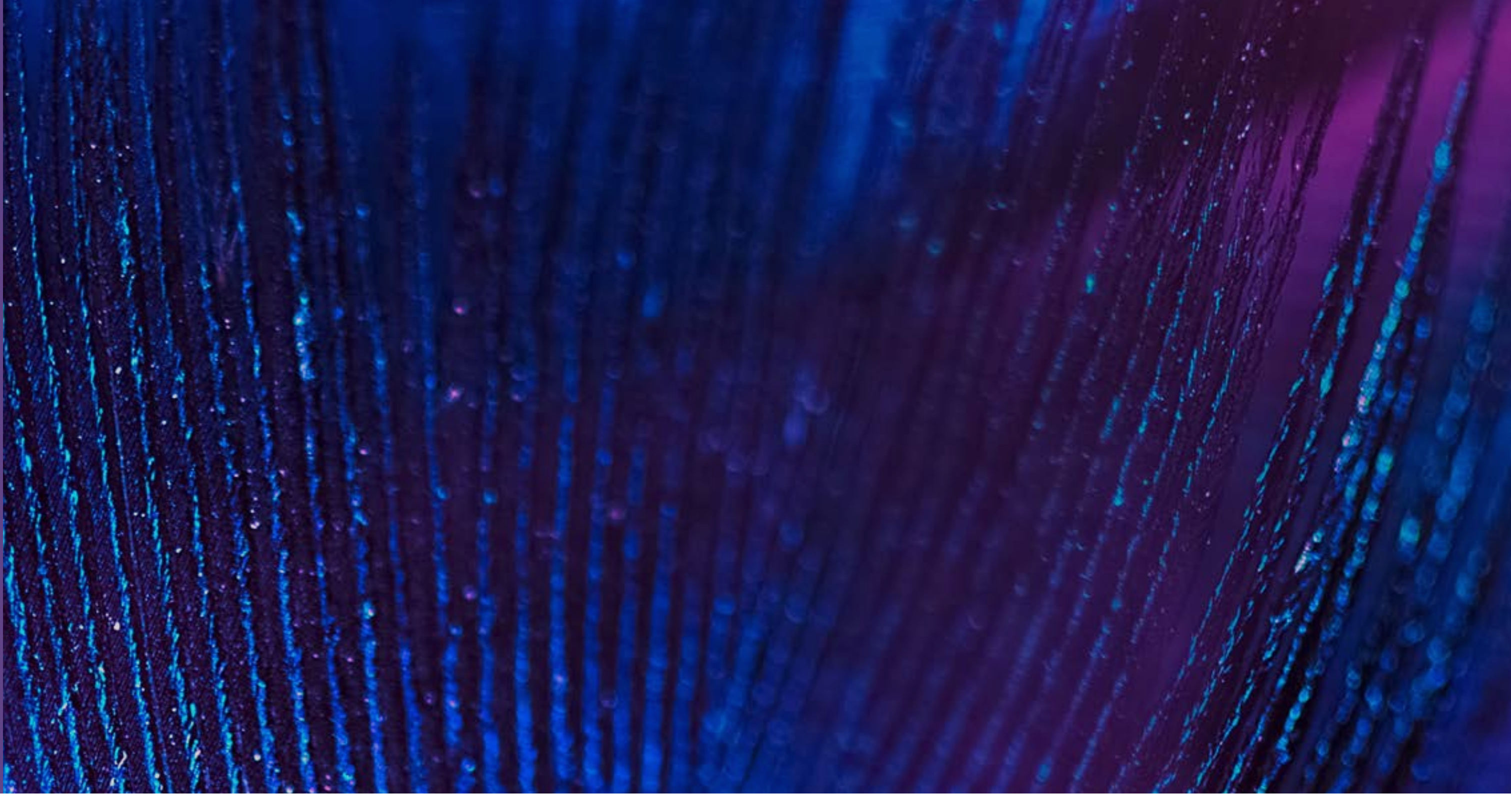
Agreements where the market share of any of the parties exceeds the 30% threshold are not automatically prohibited, but an individual assessment must be made. For both types of restrictions, which are analogous to exclusive purchasing, the analysis should cover not only the parties' market power, but also, e.g. the market power of their competitors, the potential for new competitors to enter the market, the countervailing buyer power, and the cumulative effect of similar single-branding or tying arrangements over the whole market.

Dual distribution

Dual distribution covers situations where a supplier is active both upstream and downstream, and may be regarded as competing with downstream customers. The rise of online sales has resulted in a significant increase in dual distribution.

The revised VBER/Guidelines excludes vertical agreements between competitors from the block exemption, but specifically provides that dual distribution is covered by the safe harbour for vertical agreements. Under the revised VBER/Guidelines, dual distribution is treated in the same manner as other types of vertical agreements. However, the revised VBER/Guidelines limit the safe harbour for dual distribution agreements in the following ways:

vertical agreements relating to the provision of online intermediation services where the provider of such services (e.g. e-commerce marketplaces) also sells goods or services in competition with the companies to which it provides these services, are excluded from the benefit of the safe harbour; and



information exchange between the supplier and its distributors is covered by the safe harbour only as long as: (i) it is directly related to the implementation of the vertical agreement; or (ii) it is necessary to improve the production or distribution of the contract goods or services.

Dual pricing

Dual pricing means charging the same distributor different prices for products intended to be sold online and products sold in brick-and-mortar stores. The revised VBER/Guidelines adopt the following approach to this topic:

- dual pricing is no longer treated as a hardcore restriction, and this applies to all suppliers irrespective of their distribution model;
- the price difference must be reasonably related to the cost and investment differences between the online and offline channels, but the parties are not required to carry out complex cost calculations;
- to fall within the safe harbour, the difference in the wholesale price must not have the object of restricting sales to particular territories/customers or preventing the effective use of the internet, and the supplier must not cap the number of products that can be sold online; and
- the supplier cannot require that the retail prices are higher or lower depending on the sales channel.

Pricing

Price-fixing between competitors

Price-fixing between competitors is strictly forbidden in any form and any circumstances, regardless of the market share or the nature of the price-fixing agreement. Any attempt, in a formal agreement or otherwise, by competitors to fix the price at which their products or services are sold is prohibited. Examples of price-fixing agreements include:

- a straightforward agreement between suppliers to set their prices;
- agreements on particular elements of a pricing strategy, e.g. offering rebates, discounts, or margins;
- the acceptance of prices set by members of a trade association.

Resale price maintenance

Resale price maintenance, i.e. a supplier establishing a fixed or minimum resale price that must be observed by the distributor, is a hard-core infringement of competition law which is not subject to any exemptions. Other examples of resale price maintenance include:

- setting a recommended price which in fact is a fixed price;
- fixing distribution margins or the maximum level of discount the distributor can grant from a prescribed price level;
- making the grant of rebates or reimbursement of promotional costs by the supplier subject to the observance of a given price level;

— linking the prescribed resale price to the resale prices of competitors;
— putting pressure on, giving warnings, penalising, delaying or suspending deliveries or terminating contracts regarding observance of a given price level.

Maximum prices can in general be agreed with distributors, as long as each of the supplier's and the purchaser's market share does not exceed 30%. However, if a supplier or purchaser holds a higher market share than this, maximum prices are allowed only in exceptional cases provided an individual assessment is made in order to check if competition is restricted as a result of their application, and, if yes, whether it can be outweighed by any efficiencies, i.e. positive effects for competition.

Recommended resale prices are allowed provided that they are not combined with other factors which could directly or indirectly establish a fixed or minimum resale price.

Dominant companies and pricing

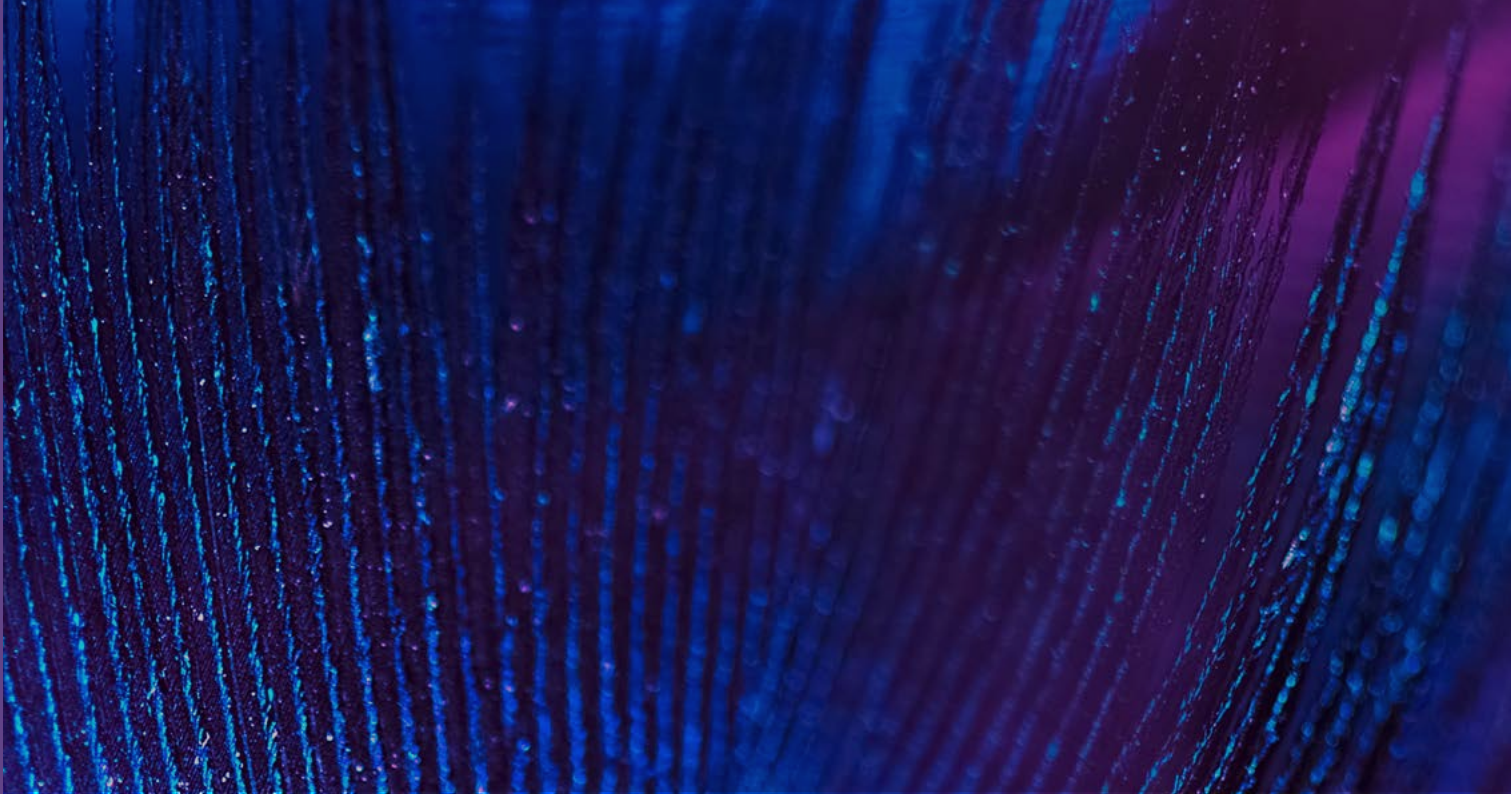
Under Polish competition law, undertakings can hold a dominant position but it is unlawful for dominant market players to abuse this position. The general rule is that a company is deemed to be dominant if it has a market share of over 40%. However, in practice, dominance can be established in certain circumstances where a company has a market share of less than 40%. Certain trading practices that are legitimate when carried out by non-dominant undertakings may be unlawful for dominant ones. It is worth noting that in cases where a company is found to be abusing its dominant position, it is possible that any other company with a decisive influence over it may also be considered to be committing an infringement. Decisive influence is generally considered to be held by a company if it holds more than 90% of the capital in another company. Relevant cases of abuse of dominance often concern practices having an exclusionary effect on an actual or potential competitor, including pricing abuses.
To avoid any accusations of abusive conduct, dominant companies should observe the following overriding principles in framing and implementing their pricing policies:

— all price structures should be applied uniformly to all customers;
— discounts, rebates and reductions should be applied consistently and on an objective, economically grounded basis;
— any differentiation in treatment should also be based on objective criteria;
— prices should not be excessive or predatory;
— prices should be fair, uniform, and non-exclusionary.

Price differentiation

While charging clients different prices for the same products is an example of pricing abuse, there may also be legitimate reasons for differential pricing structures. These may include differentiation for objective reasons, such as reduced prices for bulk buying, or prices varying in line with transport costs. Products of different quality are also likely to command different prices.

However, discriminatory prices, including any differential element in price-related terms, are likely to be seen as an abuse of a dominant position and will be regarded as anticompetitive. Competition authorities also look at



excessive price differentiation or exclusionary behaviour when assessing if there is a likelihood of abusive discrimination. to avoid accusations of pricing abuses, a supplier should treat its customers on equal terms, where such customers are in an equal position.

Excessive prices

An excessive price is defined as bearing no reasonable relation to the economic value of the products supplied or the services provided. Often, excessive prices can only be charged by dominant companies that are less bound by competitive market forces. One of the indicators of excessive prices would be economic harm suffered by a buyer.

However, in practice it is difficult to specify a product's economic value. This can be usually done through a cost/price analysis, with some element of comparison to competitors' products and prices. There is no numerical formula that can be used to state when a price becomes excessive.

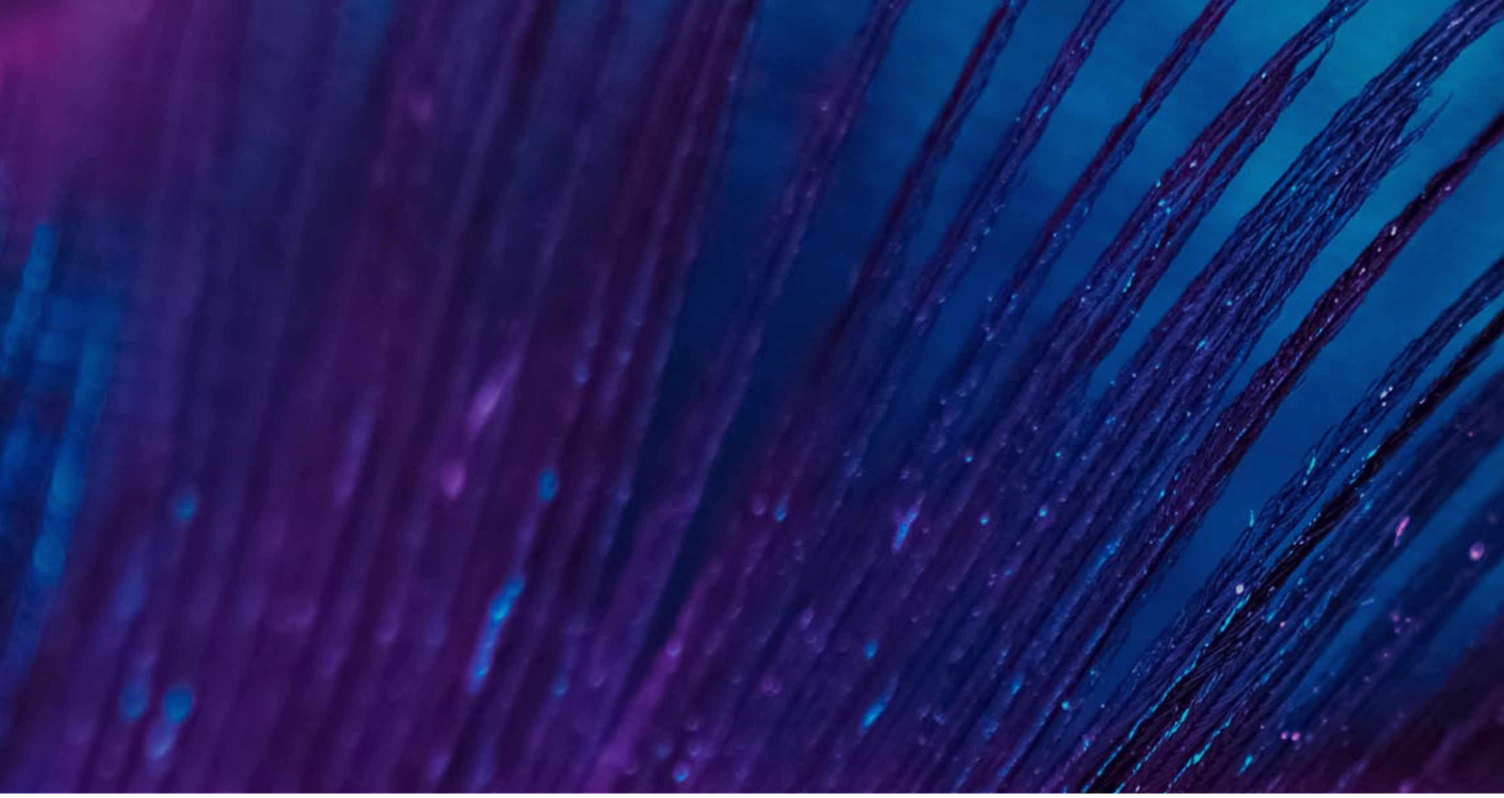
Lowering prices (predatory prices)

In the same way that manufacturers may wish to set higher prices than competitors, there are also legitimate commercial strategies that call for lowering prices. However, strategies aimed at reducing prices as a way of eliminating competition from the market are regarded as an abuse of a dominant position. 'Predatory' prices are assumed to be when a price is below average avoidable costs (which are most often equal to the average variable costs) and is so low that a dominant undertaking can make no profit. At this pricing level, an equally efficient competitor cannot serve the targeted customers without incurring a loss and therefore would be likely to be foreclosed from the market. Additionally, applying a price below long-run average incremental costs (the average of all – variable and fixed – costs that a company incurs to produce a particular product) can be treated as predatory pricing. Failure to cover long-run average incremental costs may indicate that a dominant company is not recovering all the fixed costs of producing the goods or services and that an equally efficient competitor could be foreclosed from the market.

Discounts

The basic competition principles concerning discounts are relatively simple. A discount scheme should result in a fair price, which does not exclude competitors or make it difficult for customers to access other suppliers' products. In practice, there are fundamentally three types of discounts: discounts based on volume, discounts based on achieved targets, and loyalty (fidelity) discounts.

Of these three, volume discounts are the least likely to infringe the prohibition on anticompetitive abuse. If a discount is given to a buyer because of an objectively justifiable (i.e. quantifiable) amount the buyer buys from a particular supplier, it is unlikely to have an exclusionary effect and is unlikely to be prohibited. At the other extreme, a loyalty discount is a reward for exclusivity, and will often encourage or oblige a buyer to take all or most of its purchases from one source. The commercial justification for the customer doing so is unlikely to be objective and cost-based, and therefore may be viewed as an abuse. It is also irrelevant that the loyalty obligation is willingly accepted or even that it represents a response to the request of customers.



Discounts given to buyers as a reward for reaching defined targets may also be viewed as an abuse. Companies with large market shares should ask themselves how such discounts are calculated, what the reference period is, how transparent the criteria are, and to whom they apply.

In the context of discounts, a company should not make a low price conditional on a customer taking more than one product, or a full range of products if any of its products has a high market share. In other words, product ties or full-line forcing can be seen as an anticompetitive abuse.

Market sharing

Polish competition law prohibits agreements that allocate business among competitors on either a geographical or consumer basis, through distribution, licensing or other arrangements. Among other things, a market can be divided by:

- geographical region;
- class of consumers;
- class of products.

Geographical region

When two or more producers that sell the same or similar products agree to a territorial division of markets, this constitutes a hard-core competition law infringement. This can result, in particular, from an agreement to keep out of each other's territories or from the establishment of quotas. An example of this is an agreement that restricts competition by providing for different prices in particular regions without economic justification, such as labour or transport costs.

Class of consumers

A competition law infringement also takes place when a market is divided by classes of consumers. Such agreements provide that undertakings will not compete for particular groups of consumers. They may be formulated in a positive manner (provide with whom a certain undertaking may deal) as well as in negative form (provide with whom such undertaking may not deal). The division can be made, e.g. according to sector, profession or the gender of consumers.

Class of products

Market division can also take the form of product-related market sharing agreements. Such agreements are concluded between real or potential competitors. As a result of an agreement between real competitors, e.g. a manufacturer may agree not to sell particular products in exchange for its competitor doing the same in different areas. Agreements between potential competitors may be aimed at restricting entry to a market. Usually, such agreements give the potential competitors other advantages.

Dealing with consumers

Consumer definition

Consumers are individuals who, acting outside the scope of their professional or commercial activity, purchase goods or services from businesses. This definition of a consumer was implemented into Polish law in accordance with several EU regulations, and does not cover legal entities. Individuals performing commercial activity will be treated as consumers if the scope of the relevant contract is not directly related to their business.

The scope of the aforementioned definition is important because of the strict protection of consumers that is guaranteed by various regulations; namely, consumers are protected against "prohibited (abusive) contract clauses" and given additional protection under product liability regulations. There are also special provisions regulating consumer sales and consumer lending.

Changes to law implemented in 2021 granted to individuals conducting business the following rights, even though the consumer definition remained unchanged:

— **abusive clauses** – regulations regarding the prohibition on using abusive clauses also apply to contracts concluded with individuals doing business;
— **statutory warranty for defects** – rights under statutory warranty, which were thus far reserved only for consumers, have also been granted to individuals;
— **right to withdraw from a distance contract** – individuals doing business have been granted a statutory right to withdraw from a distance or off-premises contract within 14 days.

Regarding the aforementioned certain situations, an individual doing business is subject to consumer protection if the concluded contract is of a non-professional nature to them, i.e. is not related to the subject of their everyday business. In 2026, the law was amended to allow an individual person, where the content of a contract to be concluded does not indicate whether it is of a professional nature for that person, to declare no later than at the time of the conclusion of the contract, whether it is or is not of a professional nature. However, the other party must not make the conclusion of the contract conditional on the submission of such declaration, which means it is entirely optional.

What is important is that individuals are only able to exercise consumer rights to the extent resulting from the amended regulations. As a result, such individuals are not covered by the institutional protection of the Competition and Consumer Protection Authority.

Prohibited contract clauses

Certain disadvantageous contractual clauses are not binding on consumers, nor do they apply to individuals performing business activities in the situations mentioned above. The Civil Code includes a non-exhaustive catalogue of such clauses, which may refer to entering into a contract, to any changes or termination of a contract, and the scope of the parties' liability. Such clauses are not allowed unless they are individually agreed with a consumer, and include clauses that:

— make performance by the seller dependant on the seller's will (e.g. "we will deliver goods if they are available");
— exclude or significantly limit the seller's liability towards the consumer;
— grant the seller the right to unilaterally change the contract;
— grant the seller the exclusive right to withdraw from the contract;
— grant the seller the right to keep amounts prepaid by the consumer, if the latter withdraws from the contract;
— make entering into a contract dependent on entering into further contracts of the same type.

Control over contractual clauses is executed by the President of the Competition and Consumer Protection Authority (the "**President of UOKiK**"). The President of UOKiK has the right to declare a clause abusive and forbid its use. Furthermore, the President of UOKiK has the power to impose a fine on a business of up to 10% of its turnover in the preceding financial year and up to approx. EUR 475,000 on managers. The decision issued by the President of UOKiK applies to all consumers that concluded contracts with the business entity concerned on the terms challenged by the decision.

The list of contractual clauses that have been declared abusive is publicly available and published on the Competition and Consumer Protection Authority's website at www.uokik.gov.pl

Unfair market practices

Under the Law on Unfair Commercial Practices, businesses must not perform any acts or omissions towards consumers that are contrary to good practice and that could materially distort the market behaviour of the average consumer before, during or after agreeing to buy a product (these are unfair market practices). The burden of proof is on the business entity, not the consumer, to show that the commercial practice is not unfair.

Prohibited unfair practices include:

- misleading acts or omissions spreading untrue information;
- misleading acts or omissions connected with entering the market with a new product, including prohibited comparative advertising;
- using codes of good practices containing illegal provisions.

The Law contains specific, more rigorous provisions relating to aggressive practices and running “Ponzi schemes”. In such cases, criminal as well as civil sanctions may be imposed.

Aggressive practices include activities such as convincing customers that they cannot leave the business’s premises without entering into an agreement, visiting customers at their home residence against their will, using pressure tactics by contacting customers against their will, or running adverts which appeal directly to children to buy an advertised product. These can result in the business being fined up to PLN 5,000 (EUR 1,080).

Another form of an aggressive practice is the operation of a “Ponzi scheme”, where money is collected from groups of customers and used to finance product purchases. Business operators found guilty of applying the consortium system can face imprisonment of up to eight years.

At the end of 2025, a new draft law implementing the EU Green Claims Directive into Polish law was published. The new provisions are set to be applied by Member States by 27 September 2026. Once they come into force, the scope of claims capable of being misleading will be expanded to include claims relating to the environmental and social characteristics of products, as well as circular economy elements such as durability, repairability and recyclability. In addition, the blacklist of automatically prohibited unfair commercial practices will be extended to include: (i) promoting products or business activities as ecological where this relates only to a specific element (e.g. packaging) rather than the product as a whole; (ii) claiming “climate neutrality” or “positive climate impact” supported solely by the purchase of carbon offsets outside the business’s own value chain; (iii) concealing the negative impact of software updates on goods with digital elements; (iv) falsely presenting a product as suitable for repair; (v) encouraging premature replacement of consumable materials; and (vi) claiming that the functionality of goods will be restricted if parts or accessories from other manufacturers are used.

Consumers can demand that a business cease an unfair practice, remedy any adverse consequences they have suffered, or make a single or multiple statements. A consumer may also demand that a binding contract is cancelled and the parties return to each other the benefits they received under the contract, and that the

business pays compensation to the customer. If an unfair practice constitutes a tort, the consumer will be able to claim damages under general rules of liability in tort.

Collective consumer interests

The Law on Competition and Consumer Protection provides that businesses must not violate the collective interests of consumers. An example of such a violation is the infringement of the duty to provide consumers with reliable, true and full information. Acts of unfair competition and unfair commercial practices are also prohibited and may also be treated as an infringement of collective consumer interests.

The infringement of collective consumer interests by a business may result in a fine of up to 10% of the business's turnover for the preceding financial year.

Additionally, the President of the Polish Competition and Consumer Protection Authority has the power to impose high fines on management personnel (members of the management body or other persons holding managerial positions) if, in the exercise of their function, they deliberately allow the company to violate:

- the prohibition on including abusive clauses in contracts entered into with consumers; or
- the prohibition on using practices that infringe collective consumer interests.

The maximum fine that can be imposed on a manager is PLN 2 million (approx. EUR 475,000) and, in the case of managers in the financial sector, PLN 5 million (approx. EUR 1,200,000).

Sale of consumer goods

Polish law provides for special conditions for consumer goods sales contracts. This results from the implementation of European regulations.

Under these regulations, sellers must:
provide information on:

- the main characteristics of the goods or services;
- the identity of the seller;
- the total price of the goods or services, or the method of their calculation, as well as additional costs;
- the time and manner in which the seller will fulfil its obligations, and the seller's complaint handling policy;
- the seller's liability for the quality of its performance;
- the conditions of after-sales services and guarantee;
- the duration of the contract and the conditions for terminating it;
- the functionality of digital content and the technical means of its protection;
- any relevant interoperability of digital content with hardware and software;

— inform consumers how to use the product in a clear and understandable way, including information on the type of good, an indication of the manufacturer or importer, safety mark and conformity mark, information on admission to trading in Poland if it is required by separate regulations (e.g. sale of cars or medicinal products), energy consumption, and other information required by specific laws;

— explain the meaning of the contractual provisions at the consumer's demand;

- ensure conditions enabling the consumer to choose and check the quality, completeness and functioning of the main mechanisms and components of the product;
- hand over all components of the equipment (if applicable) and the instruction manual.

Some pre-contractual information (e.g. identity of the seller) may be omitted regarding contracts related to small day-to-day affairs.

All of the information provided by the seller must be in Polish.

The business must acquire clear approval from the consumer for any additional payment that is not within the scope of the main obligations of the business, before the conclusion of a contract. Furthermore, if the business indicates a contact telephone number, the cost of the consumer making a call cannot be higher than the cost of a standard telephone call. These rules also apply to contracts concluded outside the business's place of business or through distance selling.

The statutory rights of consumers regarding sales of goods cannot be contractually excluded or amended. In 2023 new regulations implementing the EU Directive 2019/2161 (the "Omnibus Directive") came into force. The new regulations oblige businesses in particular:

- in each case of a reduction in the price of goods or services, to provide information about the reduced price (precise rules for displaying the prices are described in detail in point 4.3.2 above);
- in online sales, to provide information to the consumer before the conclusion of a contract, on how the obligations related to the contract are shared between the third party offering the goods, services or digital content and the provider of the online marketplace.

Concluding contracts outside the business's place of business and distance selling

Consumer's right to withdraw from the contract

Contracts with consumers may also be concluded without the presence of one of the parties but by means that enable distance communication (e.g. telephone or email) or in a place other than the place in which a business entity conducts its economic activity.

> *In such cases, consumers are entitled to withdraw from the contract within 14 days of the date of its conclusion, without giving a reason. Businesses must inform consumers of their right to do this, e.g. by providing them with the appropriate form of such statement.*

If the business does not inform the consumer about this right, the consumer may withdraw from the contract within 12 months from the lapse of 14 days after the delivery of the product.

In addition, under planned amendments to the Polish Consumer Rights Act, implementing EU Directive 2023/2673, businesses that conclude distance contracts by electronic means will be required to provide consumers with a clearly labelled withdrawal button (or similar easily accessible function) on their website or application, enabling them to exercise their right of withdrawal in a straightforward and unambiguous manner. The purpose of this requirement is to ensure that the process of withdrawing from a contract concluded online is no more burdensome for the consumer than the process of concluding such contract. If the consumer decides to withdraw from the contract, they are entitled to the reimbursement of the delivery cost but not exceeding the least expensive type of standard delivery offered by the seller.

Among others, the right to withdraw from a contract does not apply to:

- a sale of goods made to the consumer's specifications or clearly personalised;
- a sale of sealed goods that are not suitable for return due to health protection or for hygiene reasons and were unsealed after delivery;
- a sale of goods that are liable to deteriorate or expire rapidly.

Since 2021, these regulations have also applied to individuals doing business. If an individual concludes a distance (or off-premises) contract that is not related to the subject of their everyday business, they are protected by the same right to withdraw from the contract as a consumer.

Communication related to distance selling

The application of devices that enable distance communication (e.g. telephone) to present an offer is allowed only if a consumer has consented to this, before the business made distance contact.

If the representative of the business makes a telephone call to the consumer, at the beginning of the conversation the representative must disclose their identity, the identity of the person on whose behalf they are making the call, and the commercial purpose of the call. If the business offers the consumer to conclude a contract by telephone, it must confirm the offer in paper form or on another durable medium. The consumer is bound by the contract only once they send their consent in paper form or on another durable medium.

Provision of pre-contractual information

Regarding the conclusion of contracts outside the business's place of business and through distance selling, the seller is obliged to provide consumers with a considerable amount of pre-contractual information specified in the Act on Consumer Protection (e.g. the business's contact details, properties of the product, its price, delivery of the product, and the consumer's rights) in plain and clear language. In the case of contracts concluded outside the business's place of business, the information must be provided on paper or, if the consumer agrees, on another durable medium. Regarding distance selling, the information must be provided in a way that is appropriate to the means of distance communication.

If the contract is concluded through a means of distance communication that allows limited space or time to display the information, the seller can provide a limited scope of pre-contractual information to the consumer. However, this must include at least information on the main characteristics of the goods or services, the identity of the seller, the total price, the right of withdrawal, the duration of the contract and, if the contract is for an indefinite period, the conditions for terminating the contract as well as a minimum term for the consumer's obligation. Additional information must be aligned to the means of communication used.

E-commerce websites must indicate clearly and legibly, at the latest at the beginning of the ordering process, whether any delivery restrictions apply and which means of payment are accepted.

The seller must ensure that the consumer, when placing their order through distance selling, explicitly acknowledges that the order implies an obligation to pay, e.g. in the form of a button labelled 'order with obligation to pay'.

Conclusion of the contract

The consumer must be provided with a copy of the signed contract concluded outside the entity's place of business or confirmation of such contract on paper, or, if the consumer agrees, on another durable medium.

After the conclusion of the distance contract but at the latest at the time of the delivery of the goods or before the beginning of the performance of the service, the business must provide confirmation of the conclusion of the contract. The confirmation must include all of the required precontractual information unless the business entity provided this information to the consumer on a durable medium before the conclusion of the contract.

None of these provisions apply when concluding certain types of contracts, e.g. regarding gambling or through vending machines.

Specific rules may apply to certain types of contracts, e.g. sale of digital content and contracts regarding financial services.

The statutory rights of consumers regarding the conclusion of contracts outside the business entity's place of business or through distance selling cannot be contractually excluded or amended.

Warranties and guarantees

Special regulations on warranties and guarantees, which modify the general Civil Code regulations, apply to consumer sales. Under these regulations, 'warranty' means the statutory regulation of the seller's responsibility for physical and legal defects, and 'guarantee' means the manufacturer's (or the seller's) liability to the buyer. The terms of these two mechanisms are usually defined in a document delivered together with the product. The statutory rights of consumers regarding warranty and guarantee, as described below, may not be contractually excluded or amended.

Warranty

According to these regulations, sellers are liable if goods do not comply with the contract. Sellers must ensure that goods delivered to the consumer correspond with the sales contracted, by:

— complying with what was contractually agreed, e.g. fit the description, type, quantity, quality and possessing the features required by the contract, being fit for the agreed purposes;
— complying with objective conformity criteria, i.e. be fit for the purposes for which similar goods are normally used; correspond to the sample or model shown to the consumer; be delivered with the accessories, instructions and packaging that the consumer may reasonably expect, and possess the qualities and features that the consumer may reasonably expect.

The seller is not liable if the buyer was expressly informed of the lack of conformity of the goods with the contract and expressly and separately accepted the lack of a specific characteristic of the products. The buyer must be informed about this at the latest when concluding the contract.

If the bought goods are defective ("lack of conformity"), the buyer may demand repair or replacement of the goods, free of charge, within a reasonable time and without any major inconvenience. The seller can provide an alternative remedy if the chosen option is impossible or involves disproportionate costs for the seller. The buyer is entitled to demand a reduction in the price if the seller:

— refuses to repair or replace the goods;
— does not repair or replace the goods;
— tries to repair or replace the goods, but the goods are still not in conformity with the contract,
— states that it will not repair or replace the goods within a reasonable time or without excessive inconvenience for the buyer.

If the lack of conformity is substantial, the buyer is entitled to demand either a reduction of the price or withdrawal from the contract, without first exercising the right to demand repair or replacement.

The seller must reply to consumer complaints within 14 days. If the consumer demands repair or replacement of the goods and the seller does not reply to such demand within 14 days, it is presumed that the seller accepts the complaint.

Sellers can be held liable only for defects that have been discovered within two years from when the goods were handed over to the buyer, unless the shelf life of goods specified by the seller (its legal predecessors or a person acting on its behalf) is longer. There is a presumption that the defect existed at the time of delivery unless the contrary is proved or the presumption is incompatible with the nature of the goods or the nature of the lack of conformity of the goods. Sellers cannot claim the expiry of the time limit for establishing that the goods do not comply with the contract if they have fraudulently concealed this non-conformity.

Additionally, since January 2021 rights under a statutory warranty have also been granted to individuals doing business, as long as the contract is of a non-professional nature to the individual. Interestingly, the scope of additional rights granted to individuals excludes the inability to modify the statutory warranty. This means that the parties are still be able to limit or even exclude the seller's liability towards an individual under the statutory warranty, which is impossible in a contract concluded with consumers.

Guarantee

In a guarantee, the guarantor warrants certain properties of the product. A statement of guarantee can be given by a producer, seller or importer, in the form of a document or otherwise (e.g. in an advertisement). Manufacturers (or sellers) are not obliged to grant a guarantee, but if they do, then the buyer is entitled to be provided with the guarantee document.

A guarantee document must indicate:

- a clear statement that if the goods are not in conformity with the contract, the buyer is entitled to remedies at the seller's expense and that these remedies are not affected by the guarantee;
- the name and address of the guarantor;
- a description of the procedure to be followed by the buyer in order to benefit from the guarantee;
- an indication of the goods to which the guarantee applies;
- the guarantee conditions.

If no other time limit is stipulated, the guarantee's time limit is two years from the day the product is released to the buyer.

Buyers are free to select which of their rights they will exercise: under a warranty or under a guarantee. In other words, the seller cannot send a customer to the manufacturer to repair a product if the customer decides to raise warranty and not guarantee claims.

The guarantee is still provided on a voluntary basis; however, once it is granted to the consumer, it cannot impose less favourable conditions regarding repair or replacement than those deriving from the legal entitlements.

Product liability

The producer and every other entity taking part in the process of the production or delivery of products is obliged to trade in safe products only. They are obliged to inform consumers about any potential danger that the product poses, to test the product and, in extreme cases, to recall the product from the market if required. The fulfilment of these obligations falls under the administrative control of the President of the Polish Competition and Consumer Protection Authority, who is authorised to:

- demand information about any potential danger that the product may pose;
- order that the product is tested;
- order that the public receives information about any potential dangers connected with a particular product;
- demand that the product is recalled from the market;
- demand that the product is destroyed;
- order that the product is entered into the register of dangerous products.

Placing a dangerous product on the market is subject to a fine of up to PLN 1,000,000 (approx. EUR 240,000).

Under the Polish Civil Code, anybody who is or claims to be the producer (or importer) of a dangerous product may be held liable for damage caused by that product. If none of these persons can be identified, the seller can be held liable unless they indicate the producer or importer within one month.

Every individual that suffers damage can raise a claim against a product that caused damage. In order for this to be successful, the individual must prove that the product is dangerous, i.e. does not ensure the safety one could expect through typical use.

On 13 December 2024, Regulation (EU) 2023/988 on general product safety (the "**GPSR**") became applicable. Key obligations introduced by the GPSR include:

- online marketplace operators are required to establish a single point of contact for market surveillance authorities, to cooperate with them to address product safety risks, and to remove or disable access to listings of dangerous products on order or notification;
- manufacturers, importers, distributors and fulfilment service providers must ensure the traceability of products throughout the supply chain, including by providing their name, registered trade name or trademark and contact details on the product or its packaging;
- manufacturers and importers must notify the

relevant market surveillance authorities without delay when they know or ought to know that a product they have placed on the market is dangerous, and must immediately take corrective action, including withdrawal or recall where necessary;
— in the case of product recalls, manufacturers, importers, distributors and fulfilment service providers must offer consumers an effective remedy, which must include at least two of the following options: repair, replacement or an adequate refund of the value of the recalled product;
— products sold online must be accompanied by at least the following information: the name, registered trade name or trademark of the manufacturer, the manufacturer's postal and e-mail address, and, where different, the contact details of the person responsible for the product in the EU.

Providers of online marketplaces who do not comply with these obligations may be subject to a fine of up to PLN 1,000,000 (approx. EUR 240,000).
Generally, liability can be avoided if:

— the damage is caused by a product which has not been placed on the market;
— putting the product on the market is not related to the manufacturer's business;
— the dangerous qualities of the product come to light after the product was placed on the market, unless the cause was present in the product before then;
— the dangerous qualities of the product could not have been foreseen;
— the producer proves that the product was produced in compliance with regulations, and that the production process in fact made it dangerous.

The strict liability, regardless of the existence of fault, under these regulations is limited to damage to property. It does not include damage to the product and damage that does not exceed EUR 500. In the event of death or injury, liability depends on proving the fault of the person liable.

Consumers can only raise a claim within three years from when they learn or could have reasonably learned of the damage and the entity obliged to compensate such damage; however, no later than within ten years from when the product was put on the market.
A producer or installer of a product placed on the market that does not fulfill the obligations to attach to the product in a clear, understandable and legible form, in Polish:

— instructions; and
— information on safe usage; and
— a copy of the declaration of conformity or label; as well as
— information enabling identification of the product,

is subject to a fine of up to PLN 200,000 (approx. EUR 48,000) imposed by the market surveillance authority.

Insurance can be taken out against product liability. It can be purchased as a separate insurance product or as an extension of general business liability insurance. Product liability insurance covers losses suffered by third parties as a result of using goods specified in the insurance contract, where such goods cause death or injury and damage to property. Generally, such insurance does not cover losses that the producer is obliged to cover in the product warranty or guarantee, losses caused because of recalling the product, or losses resulting from an act of war or use of nuclear power.

However, insurance companies usually offer separate insurance that covers losses caused because of recalling the product.

Directive (EU) 2024/2853 on liability for defective products (the "**Directive**"), repealing Council Directive 85/374/EEC, was published in November 2024. The Directive modernises the EU product liability framework in response to digitalisation and the circular economy. Its scope has been extended to cover software (including AI systems), digital manufacturing files and products that have been substantially modified after being placed on the market. The Directive also introduces a facilitated burden of proof for claimants in technically complex cases and imposes disclosure obligations enabling injured persons to access relevant evidence. Member States must transpose the Directive into national law by 9 December 2026, although as of the date of this publication, Poland has not yet adopted the implementing legislation nor published a draft.

Promotions and lotteries

Promotional sales

Under Polish law, sales of products and services to consumers cannot be promoted by offering different, free-of-charge products as an incentive to purchase. However, there are certain exceptions to this general prohibition.

If the additional product is not seen as 'different', then a promotional sale is likely to be allowed. Examples of this on the Polish market have included a free mug with a jar of coffee and free batteries with small electrical goods. Nonetheless, promotional offers should be carefully considered on a case-by-case basis.

Promotional sales may also be permitted if the value of the promotional gift is held to be low. With no legislative guidelines, the value is classified as 'low' on the basis of a comparison to the main product being sold, or through an independent and objective assessment. Examples of this can be seen in breakfast cereals offering low value collectables.

In addition, the prohibition of promotional gift offers does not extend to awards in promotional lotteries organised in accordance with regulations on games of chance, or in competitions where the result does not depend on chance. However, such lotteries and competitions are strictly regulated in other legislation.

Promotional lotteries

Promotional lotteries are considered to be games of chance under Polish gambling law. Restrictions on organising such lotteries include the need to obtain a permit from the director of the tax administration chamber and to ensure a bank guarantee up to the value of prizes foreseen by the rules of the lottery. The rules for a given game must be issued in advance in writing. The rules and offers of promotional lotteries must not imply to the consumer that there is a certainty of winning, irrespective of the result, if the consumer places an order for certain products or services or pays a certain amount of money in advance. Moreover, entities organising lotteries via the internet are subject to further restrictions such as keeping a record of data on the lotteries and their participants, and only using a website whose national top-level domain is assigned to Polish websites. Entities organising lotteries without the required permit, violating its terms or breaching other provisions of the gambling law, may face severe criminal, fiscal and financial sanctions. In addition, the head of the penal and fiscal office may impose financial sanctions on persons holding managerial functions or who are part of the management bodies of entities organising lotteries without a required permit.
These regulations and restrictions only apply to games of chance. If a game is organised as a competition where the result is determined solely by the participant's knowledge, skill or a factor other than chance, then less restrictive rules apply.

Consumer lending

Most retailers in Poland, especially those providing expensive products such as domestic electronic appliances, offer a preferential credit option to their customers. However, it is usually not the retailer itself that provides the customers with such credit. In most cases, retailers conclude cooperation or white label agreements with banks or consumer lenders for the provision of these services. As a result, it is the bank or the consumer lender that enters into a consumer credit contract with a customer, with the retailer acting only as an intermediary. However, if the retailer receives any kind of remuneration for its services as the intermediary, which is usually the case, it is subject to certain administrative obligations, including registration as a 'consumer credit intermediary' with the Polish Financial Supervision Authority.

In most common situations, the retailer's client is provided with regular credit to purchase a product. Sometimes the client is also provided with a credit card, which constitutes a valid means of payment only in the given retailer chain. In addition, the increased development of credit products offered by consumer lenders (such as 'buy now/pay later' deferred payments) are also available in Poland. Most of the regulatory burden is borne by the lenders, but some requirements are also imposed on the retailer arising from offering such preferential credit. For example, the retailer is obliged, under the sanction of a fine, to indicate in all advertisements the interest rate (with information on whether the interest is fixed or floating), the total amount of credit, and the annual percentage rate (APR, or *RRSO* in Polish), as well as to use representative examples when advertising the preferential credit for its products.

A loan of up to PLN 255,550 (approx. EUR 60,000) or the equivalent offered to a customer falls within the scope of the Consumer Credit Act (the "**Act**") (*Ustawa o kredycie konsumenckim*), which implemented the European directive on consumer lending into Polish law. The Act imposes certain obligations on lenders connected with the conclusion of a contract, and lists minimum particulars that must be included. The legislation increases the scope of information obligations (especially cost-related) towards consumers, requires a visible description of all additional fees and charges, and provides an obligation to verify the creditability of a consumer. The lender must inform the customer about their prepayment right, and the right to withdraw from the contract within 14 days of its conclusion. Additionally, in many cases the lender must check whether the consumer reserved their national ID number (PESEL) in the pertinent PESEL reservation register in particular before the execution or amendment of the facility agreement. If the PESEL is reserved on the date the agreement is executed, then the lender cannot pursue its claim arising from it against the consumer nor assign it to a third party. Moreover, the Act introduces a standardised manner of calculating the actual annual interest rate and maximum non-interest cost of credit, pursuant to specific formulas outlined in the appendix to the Act. Finally, the regulation provides for a standard credit information form which specifies the scope of information to be provided to the customer before entering into the credit contract.

If the contract does not comply with certain requirements of the Act, no interest or accessory claims are due from the consumer, who is only obliged to return the principal amount of the credit. This consumer's right cannot be contractually excluded. In addition, any changes to the terms of the contract can be subject to a consumer complaint directed to the Polish Financial Ombudsman.

In addition to the restrictions on the terms of consumer credit contracts introduced by the Act, there are certain administrative obligations that need to be fulfilled by entities engaging in consumer lending. Non-banking lenders have to register with the Polish Financial Supervision Authority and be entered into a registry of credit institutions. Such lenders must have a minimum share capital of PLN 1,000,000 (approx. EUR 240,000) and their executives have to meet certain requirements.

Should a consumer default on their obligation to the lender, the Act compels the lender to set the consumer a deadline of at least 14 business days from the date of receiving the demand for payment, to allow the consumer to satisfy the debt. The lender must inform the consumer about the possibility of any debt restructuring. The lender should provide a reasoned justification for any refusal of restructuring requests sent by the consumer.

Importantly, some provisions of the Act are likely to change from 19 June 2026, with the implementation of Directive (EU) 2023/2673 regarding financial services contracts concluded at distance. Aside from additional information obligations imposed on lenders, consumers will obtain more convenient options to rescind loan contracts concluded at distance (online) by the use of a specially designed online user interface.

Consumer litigation

In general, disputes between consumers and retailers are decided by the civil divisions of the common courts. A statement of claim should be filed with the court competent for the seat or place of residence of the defendant, and in the case of claims related to contracts, also with the court competent for the place of performing the contract. In consumer protection cases, the district (municipal) consumer ombudsman is empowered to bring actions on behalf of consumers. They may also, with the consumer's consent, join the proceedings in these cases at any stage.

Before getting into litigation, it is worth noting the fees that will be incurred. For example, the maximum fee for a lawsuit may be PLN 200,000, depending on the value of the dispute. The maximum fee for a motion for a summons to a conciliation session may be PLN 40,000. It has been pointed out that such high fees for a motion for a summons to a conciliation session may negatively influence the use of this manner of dispute resolution.

At the beginning of 2022, the President signed a bill amending the provisions regarding the request for a settlement attempt. According to the bill, the filing of a motion for a settlement attempt and the commencement of mediation must not interrupt the course of the statute of limitations for claims, but only suspend it for the duration of the conciliation proceedings or the duration of mediation, respectively. The provisions apply to all proceedings to which the consumer is a party. The provisions therefore do not apply to those cases in which the consumer is represented by, e.g. a consumer rights organisation. It should be noted that the combination of this change with the change introduced in 2019 increasing the fee for a summons to a conciliation session will make this instrument of little use. The Civil Procedure Code contains provisions aimed at disciplining parties to court proceedings. Apart from a statement of claim, a reply to a statement of claim, and a motion to file evidence, any other pleadings during court proceedings are allowed only at the court's discretion. The court may oblige a party to provide in its preparatory letter all the statements and evidence relevant to the resolution of the case under pain of losing the right to invoke them during further proceedings. Furthermore, the court should disregard all delayed evidence and statements unless a party to the dispute proves that it was not possible to raise them or that the need for appointment arose subsequently. In November 2019, the organisation of a preparatory meeting was also introduced. It aims to resolve the dispute amicably, without the need for further meetings, in particular a hearing. If the dispute cannot be resolved amicably, a hearing plan will be drawn up with the parties at the preparatory meeting.

Since 9 July 2018, Polish law has had specific rules regarding the limitation period of claims against consumers. After a period of limitation has passed, the satisfaction of a claim against a consumer may not be demanded before court. However, in exceptional cases the court may, having considered the interests of the parties, disregard the expiry of the limitation period, if the principles of equity so require.

Separate proceedings with consumer participation

These proceedings include cases concerning consumer claims against businesses and the claims of businesses against consumers, even if the business has ceased activity. The legislator has introduced several regulations that strengthen the position of the consumer in these proceedings. One of the major changes is to allow the consumer to bring a lawsuit in the court of their domicile.

Another important issue is the way in which the concentration of evidence is regulated. Evidence preclusion introduced by Article 458[15] of the Code of Civil Procedure (the "**CCP**") stipulates that all claims and evidence must be invoked in the lawsuit or in the response to the lawsuit, and applies only to the business. Claims and evidence referred to in violation of the provision will be disregarded unless the business proves that it was impossible to refer to them or the need to refer to them arose later, provided that it does so within two weeks from the date on which it became possible to refer to them or the need to refer to them arose. The court will instruct the party to the proceedings which is a business about the obligation to indicate all claims and evidence in the statement of claim or in the statement of defence and about their omission in the event of a failure to do so, if the party is not represented by a professional (e.g. an advocate or a legal adviser). The relevant notice will be given to the claimant immediately after the statement of claim has been lodged and to the defendant simultaneously with the service of the copy of the statement of claim.

The next element regulated by Article 458[16] of the CCP consists in the possibility to charge the costs of the court proceedings in whole or in part to the business, and in justified cases even to increase them up to a maximum of twice their value, if the business, before bringing the action, abandoned attempts to voluntarily settle the dispute, avoided participating in it, or participated in it in bad faith and thus contributed to unnecessarily bringing the action or the defective subject matter of the case. This provision will apply regardless of the outcome of the case.

A simplified, fast track procedure

If the value of a claim is not higher than PLN 20,000 (approx. EUR 4,700) and, in the case of warranty and guarantee claims, if the value of the contract is not higher than PLN 20,000, a simplified, fast-track procedure will apply. In simplified proceedings, the statement of claim and some other submissions are not filed on an official form. As a general rule, only one claim can be asserted by a single action in a simplified, fast-track procedure. In the simplified proceedings, the action cannot be amended. Another important change is the introduction of an expert-witness, which was already known from arbitration proceedings. According to this, the giving of evidence by a witness will not preclude them from being consulted as an expert, including on facts of which they have given evidence as a witness, even if they previously drew up an opinion on behalf of an entity other than a court. An expert opinion will not be required if its anticipated cost would exceed the value of the subject matter of the litigation, unless exceptional circumstances justify it. If the court considers that it is impossible or exceedingly difficult to prove the exact amount of the claim, it may award an appropriate sum in the judgment according to its assessment, based on a consideration of all the circumstances of the case.

The parties have the right to appeal against the court's decision within two weeks of receiving the decision along with its rationale. However, the time limit for filing an appeal is three weeks if the president of the court has extended the time limit for the court to draw up a written rationale of the sentence. An appeal can be based only on allegations of an infringement: (i) of substantive law through its misinterpretation or misapplication; or (ii) of procedural rules if this could have affected the outcome of the case. In addition, as a rule the court will draw up a rationale only at the request of a party, which is subject to a fee of PLN 100. The parties may waive their right to receive a written rationale of the court's decision, as well as their right to appeal against this decision. The appeal must contain all the claims because after the expiry of the time limit for filing an appeal, citing further claims is inadmissible.

Electronic writ-of-payment proceedings

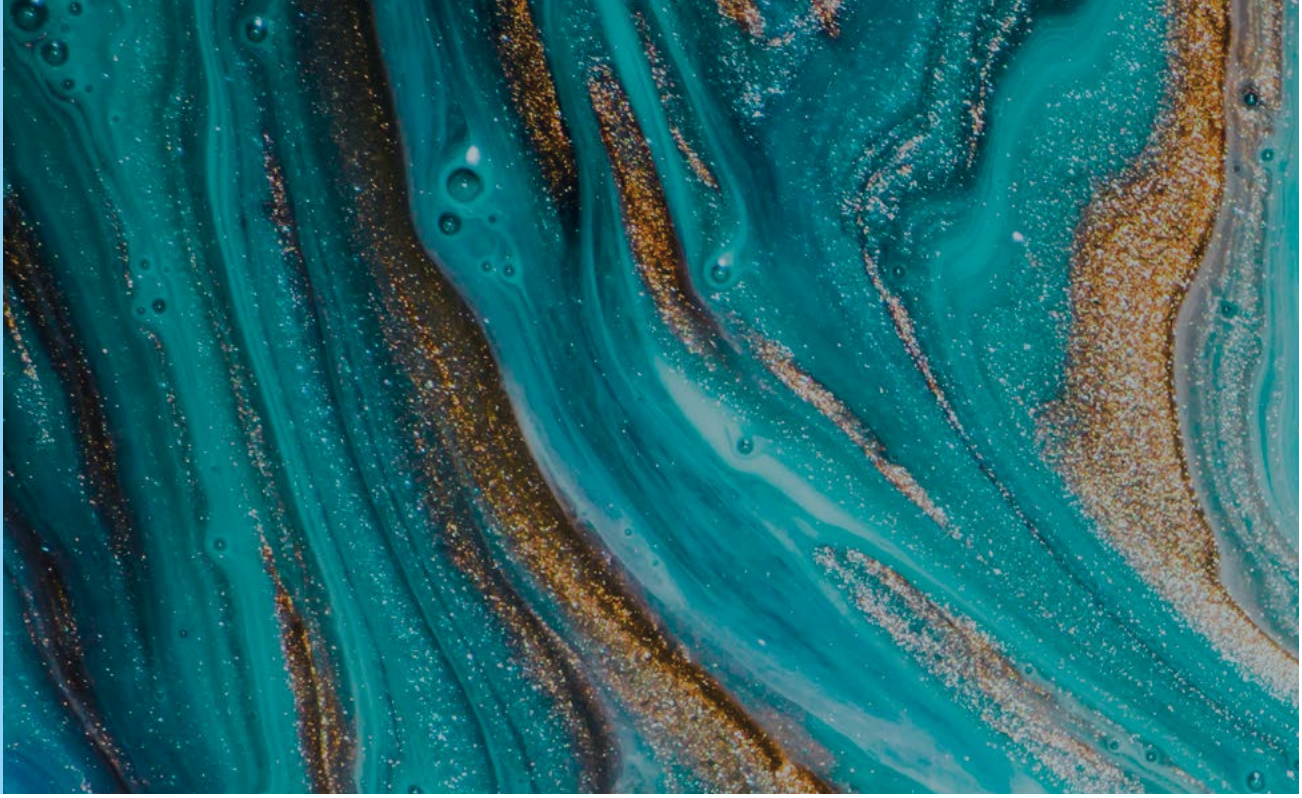
Electronic writ-of-payment proceedings are used only to assert monetary claims. The defendant's address for service cannot be outside Poland. Only claims which

have fallen due within three years before the date on which the claim was filed may be asserted in the electronic writ of payment procedure. A person wishing to use this procedure must first log on to the e-court website. The fee for the lawsuit is significantly lower than in traditional court proceedings: it is only one quarter of the fee for a traditional lawsuit. The lawsuit has to be filed on an online form and it should indicate the factual grounds of the claim being pursued. The lawsuit shall also contain the PESEL or the NIP number of the natural person defendant or the number in the National Court Register or, failing that, the number in any other relevant register, or the NIP number of the legal entity defendant. Importantly, no evidence is attached to the claim, it only has to be indicated and described in the body of the letter. If there are no grounds for an order for payment, the court will discontinue the proceedings. If the claim is accepted, the defendant will receive a paper copy of the payment order. They may file an objection to a payment order issued under the electronic writ of payment procedure. The objection may be filed both electronically and by traditional methods. In this case as well, the procedure for lodging the objection is very simple: the objection is not accompanied by evidence, no objections are submitted, and no fee is paid. If the statement of opposition is lodged correctly, the payment order loses its force in its entirety and the case is transferred to a court of general jurisdiction of the defendant.

Perpetual Consumer Arbitration Courts

There are also special “Perpetual Consumer Arbitration Courts” that hear disputes arising from sales or service agreements concluded between professionals and consumers. These courts are established next to the Regional Trade Inspectorates. An important drawback for the consumer is that such proceedings can be initiated only if both parties decide to undergo arbitration proceedings. The decision of such court may as a rule be challenged only within two months of the delivery of the court’s ruling by submitting a complaint to the common court for setting aside the judgement of the arbitration court. The challenge of the judgement of the arbitration court may be based on very limited grounds.

Under the Act on Out-of-court Resolution of Consumer Disputes, which implements EU regulations, significant changes have been made to the Polish Civil Procedure Code. The Act aims to promote amicable resolutions of consumer disputes through mechanisms such as mediation, conciliation and, in particular, arbitration.



As a rule, arbitration proceedings are voluntary for both parties — the consumer and the business entity. The consumer's consent to settle the dispute in an arbitral tribunal may be granted only *ex post*. The arbitration clause must also indicate, on pain of nullity, that the parties are aware of the effects of the arbitration clause, in particular regarding the legal force of the arbitration award and the settlement reached before it. If the arbitration agreement is contained in general conditions or in a contractual document that has not been individually negotiated with the consumer, it is deemed to be an abusive clause and as such has no legal effect. An arbitration agreement requires the written form if the party is a consumer, and a failure to indicate in the text that the parties are aware of the effects of this provision causes its invalidity.
Moreover, if an arbitration award deprives the consumer of the protection granted to them by the mandatory provisions of the law applicable to the contract (irrespective of the choice of law made by the parties), the arbitration award may be set aside.

Entities authorised to conduct proceedings concerning out-of-court resolutions of consumer disputes (ADR) are obliged to provide easy access to information on the conduct of such proceedings. The authorised entity prepares and provides the President of the Competition and Consumer Protection Authority with a report on its activities in the field of out-of-court resolution of consumer disputes every two years. The President of the Competition and Consumer Protection Authority also undertakes educational and information activities aimed at popularising knowledge about the possibilities of the out-of-court resolution of consumer disputes and available entitled entities.

Remote trials

Due to the coronavirus pandemic, many changes were made to Polish law. To facilitate the functioning of the courts and ensure the safety of participants, the possibility was introduced of conducting trials remotely. The experience of 2021–2025 showed that it was impossible to unequivocally determine whether the change in the method of conducting hearings from stationary to remote was a positive change. Whether remote hearings pass the test depends not only on the merits of the case, but also on many external factors beyond the control of the participants. Undoubtedly, there are categories of cases for which this form of proceeding is beneficial. On the one hand, it is possible to participate in the trial from any location without having to travel to the court, which is undoubtedly a convenience. On the other hand, litigation problems arise during remote hearings, e.g. the inability to show documents to witnesses being heard remotely. It is also not uncommon for judges, especially in small cases, to use written witness statements. In smaller cases, where witness testimony is not a key piece of evidence, this may indeed help to accelerate the resolution of the case. However, it has been pointed out that such method of examination violates the principle of directness of evidence and can lead to far-reaching disruptions to proceedings, including extending them.

Personal data protection

Introduction

It is quite common in the retail sector for the personal data of consumers and potential customers, suppliers and other business partners to be processed (e.g. stored). While doing this, retailers become data controllers or, in limited cases, processors, and therefore have to comply with certain rules, as outlined below.

Personal data is any information relating to an individual that allows the individual to be identified, and can include name, surname, official identification number (including IP number), and any other specific facts relating specifically to the individual in question. Processing personal data is any operation relating to personal data, including, gathering, storing, compiling, changing, providing access to and deleting such data.

Main data protection regulations

Since 2018, the General Data Protection Regulation (the "**GDPR**") has been a key piece of legislation for the protection of personal data in European Union countries and to some extent in non-European Union countries. The GDPR has not only significantly increased data protection standards, but also societal awareness. Thus, it would seem that the key obligations of a controller are to implement information obligations for those whose personal data it processes, e.g. through information clauses/privacy policies. However, the GDPR imposes several other obligations on the controller, such as to keep a register of data processing activities, to maintain a register of data breaches, and to notify the supervisory authority of personal data breaches. Also important is the process of enabling data subjects to execute their rights (e.g. rights to data access), which can be the source of a data subject's complaint, and further the cause of sanction. Moreover, during the process of implementing and applying the GDPR, the controller should keep in mind the principles of processing personal data, i.e. the principle of transparency, data minimisation and storage limitation).

In addition, Poland has in force the Act on Personal Data Protection of 10 May 2018 (the "**DPA**") which mainly concerns procedural issues such as proceedings before the Polish data protection authority (the President of Personal Data Protection Office, PUODO) and the rules for the conduct of its audits. Additional sectoral provisions concerning data protection are covered by the Act on Changes to Certain Laws in connection with the Implementation of the GDPR of 21 February 2019 (the "**Sectoral Act**"). The task of the Sectoral Act was to bring various Polish laws into line with the provisions of the GDPR. Interestingly, the Sectoral Act introduced a new provision to the Act on Consumer Rights, which simplifies the manner of providing information about the processing of consumers' personal data by micro businesses in cases where they collect personal data directly from consumers[1]. Such businesses may fulfil the information obligation by posting the relevant information in a visible location in the premises of the enterprise or publishing it on their website. One of the more recent developments relevant to personal data protection is the implementation of the Digital Directive, which introduces the principle that a consumer's provision of personal data or the obligation to provide it in exchange for digital content or a service provided, should be treated as equivalent to paying the regular price.

In 2024, Poland adopted the Whistleblower Protection Act of 14 June 2024, which entered into force on 25 September 2024. The Act implements EU Directive 2019/1937 on the protection of persons reporting breaches of Union law. From a data protection perspective, the Act introduces specific rules governing the processing of personal data concerning the receipt of reports and the taking of follow-up actions. Additionally, the Act limits certain GDPR obligations, in particular by excluding the requirement to disclose the source of personal data under Articles 14(2)(f) and 15(1)(g) of the GDPR, in order to safeguard the whistleblower's anonymity. Retailers operating whistleblowing channels should therefore ensure that their data processing procedures align with these additional requirements.

Sanctions and activity practice of the Data Protection Authority

An infringement of the GDPR may result in rigorous financial sanctions which can be up to EUR 20,000,000 or 4% of the total worldwide annual turnover for the preceding financial year. Requirements whose infringement may give rise to the imposition of such sanctions include the failure to ensure the ability to demonstrate that a data subject has consented to the processing of their personal data. Importantly, a mere warning penalty from the PUODO means that the controller has been penalised, which may have further consequences, such as claims for damages by the data subject or the risk of more serious penalties (including

1 Under Polish law, micro businesses are businesses that met all of the following conditions in at least one of the previous two financial years: a) had an average annual employment of fewer than ten employees; and b) achieved an annual net turnover from the sales of goods, products, and services and from financial operations not exceeding the PLN equivalent of EUR 2 million, or the total assets in the business's balance sheet prepared as at the end of one of those years did not exceed the PLN equivalent of EUR 2 million.

financial) in the event of further non-compliance and a possible inspection. Notwithstanding this, under the DPA the infringement of data processing rules may also lead to the criminal liability of the responsible individuals of up to two years' imprisonment, or up to three years where the infringement concerns special categories of data, or the civil liability of the data controller.

The PUODO's decision-making practice has shown its increased activity in the field of imposing fines for violations consisting in insufficient technical and organisational measures to ensure information security and insufficient fulfilment of data breach notification obligations. This trend has intensified markedly in recent years.

» *In 2024, the PUODO imposed 27 fines totalling PLN 13.9 million, a 1,030% increase compared to PLN 1.2 million in 2023, while the number of fines actually decreased by 13%. Last year brought a further significant escalation: the PUODO imposed fines totalling PLN 64.5 million, nearly five times the amount imposed in the previous year. A record-breaking fine of PLN 27 million was imposed on Polish Post for the unlawful processing of personal data.*

These figures confirm a clear trend towards considerably higher financial sanctions for GDPR infringements in Poland. Given this trend, businesses should consider reviewing their security measures, including verification processors through effective audit, and internal processes concerning personal data breaches. A summary of the key cases is available in our CMS GDPR tracker, which is available here.

Trends and sectoral inspections

The retail sector should also pay attention to the Sectoral Inspection Plan, which is published every year (the "**Plan**"). The Plan for 2026 identifies five priority areas for inspections:

— entities processing personal data in EU Large-Scale IT Systems (SIS/VIS), a continuation from 2025;
— healthcare entities, with a focus on the use of CCTV surveillance, in particular concerning children's data;
— entities operating the Public Information Bulletin;
— marketing entities, in particular the legal bases for processing personal data for marketing purposes;
— online delivery platforms, concerning the processing of personal data in connection with intermediary services for the sale of goods and services via internet applications.

The last two areas, marketing activities and online delivery platforms, are particularly relevant to the retail sector, as retailers frequently engage in direct marketing and increasingly rely on delivery platform intermediaries.

In addition, in the retail sector there is a noticeable tendency to merge several topics in the field of personal data, which may cause difficulties. Firstly, it is the processing of a special category of data if products or services are dedicated to minors. The GDPR is quite rigorous when it comes to processing minors' data, and some processes are prohibited, e.g. profiling. The second topic quite often concerns the use of cloud services to store personal data, especially the transfer of personal data outside the European Economic Area (the "**EEA**"). Importantly, for such transfer controllers were required from 27 December 2022 to implement the new Standard Contractual Clauses and then conduct the Transfer Impact Assessment. It is also not uncommon to have appropriate resources for personal data processing within the capital group of companies that have their registered offices outside the EEA. Another topic is the processing of personal data by cookies on websites and mobile apps. It is worth verifying the correctness of cookie banners, cookie policies, and also taking a deep dive into the processes of cookies, especially those that process personal data.

Branding products and advertising

Trademark protection and licences

Trademarks in Poland enjoy a wide scope of protection based on international standards. Depending on the required extent of the territorial range of protection, trademarks can be registered:

— only in Poland under the Polish Industrial Property Law;
— on an international scale, regarding Polish territory, under international legislation;
— in the European Union, under Regulation No. 2017/1001 on European Union trademarks.

Trademarks are protected within the territory of selected countries. Therefore, trademarks – even if registered in other countries – are not protected in Poland unless also registered in Poland or regarding Poland under the Madrid system; an exception to this rule is the European Union trademark, which is protected in all EU member states without the necessity to seek separate registration or protection in a given country. If, however, a mark needs to be registered at the national level in Poland, it is necessary to file the appropriate application with the Polish Patent Office.

There is an open catalogue of marks that can be registered as trademarks. The forms that a trademark can take include words, logos (graphic representations), compositions of colours, shapes, sounds, holographic and multimedia elements. Additionally, some slogans can become trademarks.

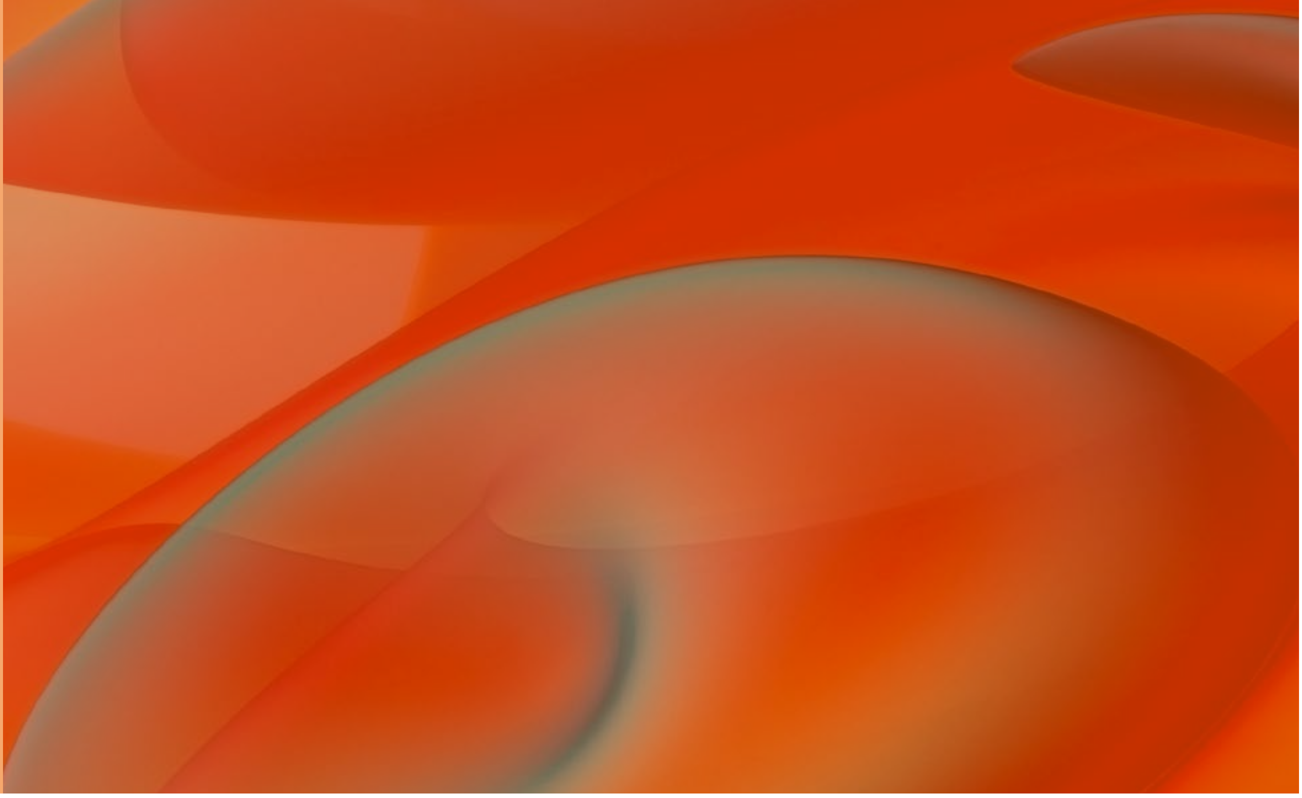
It is advisable for companies entering the Polish market to check whether brands that they intend to use are already protected as trademarks. This can be done via a review of the register of trademarks maintained by the Polish Patent Office or publicly available databases. Similarly, the EU trademark database maintained by the European Union Intellectual Property Office should be checked. It is also advisable for companies to register marks that are relevant to their business when entering the Polish market, as there is always a risk that a third party may also wish to use this mark. If such infringement takes place regarding a registered mark, then the proprietor of this mark can apply a number of protective legal measures foreseen under Polish law. Protection is also available for unregistered marks, if the marks can be deemed commonly known on the basis of Polish regulations relating to trademarks, or if the infringement in question can be deemed an act of unfair competition under relevant legislation.

If a trademark has already been registered by a third party, it is possible either to acquire (purchase) this mark or to obtain a licence for its use from the right holder. Under Polish trademark law, licence agreements must be concluded in writing. The parties can define: remuneration, the extent of authorised use, the term of the licence, its territorial range, the possibility of granting a sub-licence, as well as other terms and conditions. Licence agreements may be entered into the trademark register. Unless the licence agreement provides otherwise, a licence holder can raise the same claims against infringing persons as the proprietor of the trademark.
If rights arising from a registered trademark are infringed, the right holder can demand the cessation of the further use of the trademark, reimbursement of profits achieved through the infringement, or compensation in the form of damages, either on the basis of general principles of compensation under Polish law, or in an amount that the infringing party would have had to pay for a licence for the use of the trademark. In addition, the court ruling on a trademark infringement can ensure that the ruling is made public in an appropriate publication. In cases of unintentional infringement, if ordering the cessation of the violation would be disproportionately harmful to the infringing party, the court can instead order that party to pay a certain amount of money to the proprietor of the trademark.

The proprietor of the trademark also has the right to demand the provision of information by the infringing party. Such information is especially significant when estimating the level of compensation due to the proprietor of the trademark.

Under Polish law, intellectual property cases – including trademark infringement claims – are examined exclusively by specialised IP courts under a dedicated procedural framework.

The provisions on the procedure for securing claims in intellectual property cases provide that such security may be requested by any party or participant in the proceedings if it makes the claim and the legal interest in the award of security plausible. In particular, there is a six-month deadline (from the date of finding out about the infringement) for filing an application to secure a



claim. The court is also required to consider additional circumstances when assessing the plausibility of claims, e.g. the likelihood of an exclusive right being revoked in other pending proceedings. In result, the petitioner for security is required to include information on whether proceedings for the cancellation of the exclusive right in question are, have been, or were pending. In addition, the court is obliged to hear the obligor before granting security in an intellectual property case, unless it is necessary to decide the petition immediately. Furthermore, the examination of complaints against a decision to award security is handled by the court of second instance.

Advertising

In today's business world, advertising is used as a major business tool aimed primarily at attracting and maintaining clientele and market share, and as such is not always used in an entirely transparent and ethical manner; thus, there is often a danger that advertising will mislead consumers or significantly impact the choices that they make on a daily basis. As a result, legislation relating to unfair advertising is becoming ever more important in protecting consumers. In Poland, the relevant general legislation is in the Law on Combating Unfair Competition, the Law on Counteracting Unfair Commercial Practices and the Law on Competition and Consumer Protection, along with certain non-binding regulations such as the Code of Ethics in Advertising and other codes of ethics relevant to the sector. As advertising can take many forms and relate to several products, more specific provisions of law relating to advertising are often contained in separate, specialised legal acts.

Unfair advertising can take many forms, including advertising which violates the law, good customs or human dignity, or which misleads consumers over a decision to buy goods or services. Advertising which plays on emotions to cause fear, or sells products and services through using superstitions or children's credulity, is prohibited.

Misleading advertising

Advertising can be considered misleading if it creates a false impression of the advertised goods and services, and is therefore likely to affect consumers' decisions to purchase these items. It is not necessary for a consumer to actually buy the product or service in question, but merely for an advertisement to have the potential to influence their decision in this respect.

To determine whether advertising is misleading, various factors are taken into account, in particular the origin, quantity, quality and uses of the advertised goods, as well as consumer behaviour. For example, a statement that, while encouraging the purchase of goods or services, gives the impression of neutral information, can be considered misleading advertising. Violations of this rule have recently come to be of particular interest to the President of the Office of Competition and Consumer Protection, who has brought proceedings against influencers in Poland.

Comparative advertising

Comparative advertising (i.e. advertising which explicitly or by implication identifies a competitor or goods or services offered by a competitor) is permitted insofar as it is not misleading and objectively compares one or more material, relevant, verifiable and representative feature of goods or services that meet the same needs or that are intended for the same purpose (these features may include price). Comparative advertising is not compliant in particular if it creates confusion in the market between the advertiser and a competitor, or if it is seen to be negative about the trademarks, trade names or other distinguishing signs of a competitor, or takes unfair advantage of such trademarks or signs; the latter case encompasses the presentation of goods or services as imitations or replicas of goods or services bearing a protected trademark or trade name. In addition, products with a designation of origin can only be compared to relevant products with the same designation.

Sanctions

Claims against an advertisement and the manufacturer of the product that is the subject of this advertisement can be brought before a court by a competitor or a consumer who feels that their interest has been threatened or infringed, as well as a national or regional organisation for the protection of business or consumer interests.

In such cases, an entity whose interests have been infringed can demand the cessation of unfair acts, elimination of the effects of unfair activity, the publication of one or more public statements with the content determined by the claimant, the redress of damage and payment of a certain amount of money for a specific public purpose connected with supporting Polish culture or protection of Polish national heritage, and, in the case of an action initiated by the consumer, consumer protection. In the case of an action initiated by a competitor, the entity may also claim reimbursement of unjust benefits resulting from unfair activity.

Furthermore, if the advertising infringes collective consumer interests, the President of the Polish Competition Authority and Consumer Protection can initiate proceedings against the entity responsible for the advertisement. The Authority may initiate proceedings on its own initiative, without a consumer complaint.

The Authority can order the cessation of the advertising and the elimination of all of its effects, which may include an order to make a public statement. The Authority may also impose a fine up to 10% of the turnover of the entity responsible for the advertisement in the financial year preceding the year in which the fine was imposed, and up to approx. EUR 475,000 on managers.

Specific provisions

There are also specific rules that apply to advertising, depending on the type of medium that is used for a given advertisement. In particular, there is a ban on television or radio advertisements that:

- directly persuade minors to buy goods or services;
- encourage minors to exercise pressure on their parents or other persons in order to buy the goods or services advertised;
- abuse the trust of minors in parents, teachers and other persons;
- present minors in dangerous situations in an unjustified manner;
- affect the subconscious in a covert way.

In addition, television and radio advertisements must not violate human dignity, be discriminatory in any way, including on the grounds of race, sex, sexuality, nationality, ethnic origin, faith, world view, disability, age, sexual orientation, and must not infringe religious or political beliefs, threaten the physical, psychological and moral development of minors, or favour behaviour which threatens health, safety or the protection of the environment. Programmes directed at children should not be accompanied by commercial content related to

unhealthy food and drink. There are detailed rules on sponsoring programmes and product placement. In 2021, the Polish legislator moved away from the general ban on product placement and introduced the admissibility of product placement as a rule to which there are a few exceptions. Product placement is currently not permitted in broadcasts such as:

- news services (excluding sports information services and weather forecasts);
- public affairs programmes with socio-political content;
- programmes on consumer affairs;
- religious programmes;
- children's programmes.

It is also necessary to appropriately mark broadcasts with product placement (a graphic sign is required in TV programmes and a sound signal in radio programmes).

Sensitive goods

Special rules apply to advertising sensitive goods such as pharmaceuticals, alcohol and tobacco.

Prescription medicines, drugs and psychotropic substances as well as medicines subject to reimbursement cannot be advertised unless specifically targeted at doctors and entities that trade in medicinal products, e.g. pharmacists. Other pharmaceuticals can be advertised provided that such advertisement is not addressed to children and objectively present the pharmaceutical and give information on its rational usage. There are also restrictions on advertising pharmaceuticals by means of marketing visits by representatives of pharmaceutical companies to individuals authorised to issue prescriptions. Additionally, if addressed to the public, advertising cannot refer to recommendations from scientists (in particular doctors) and persons known to the general public (e.g. sportspeople or actors). Although it is not mandatory law, in 2019 the National Council for Radio and Television Broadcasting and the executives representing TV stations entered into an agreement that this provision will also be respected regarding the advertising of dietary supplements, therefore advertisements of these products will not include recommendations from scientists and persons known to the general public. On 1 January 2023, the Polish legislator introduced specific rules on advertising medical devices. For example, it is prohibited to use the image of healthcare professionals or people claiming to be healthcare professionals. Furthermore, it is prohibited to advertise medical devices that are specifically intended to be used by professionals. Advertisements concerning dietary supplements are regulated by specialised food legislation, which also contains additional rules on food advertising. There is an ongoing discussion to introduce further restrictions in this regard, e.g. the obligation to clearly mark that the advertised product is a dietary supplement. Notwithstanding all the above, it should be noted that pharmacies are not allowed to advertise their business in any way, however, this will change in the near future following the 19 June 2025 judgment of the EU Court of Justice in Case C200/2024, which ruled that Poland's absolute ban on pharmacy advertising was incompatible with EU law. In response, the Polish legislator is currently working on an amendment to the relevant legislation that will repeal the general ban and introduce new rules on pharmacy advertising.

Alcohol must not be advertised in public. However, this restriction does not apply to alcohol advertising in wholesale premises, points of sale exclusively engaging in the sale of alcoholic beverages, and restaurants, pubs or bars where alcoholic beverages are served. Less restrictive rules apply to the advertisement of beer.

There is a ban on advertising tobacco products, tobacco accessories, products imitating tobacco products and electronic cigarettes and refill containers, as well as nicotine pouches. In particular, this prohibition applies to advertising on television, radio, and in cinemas, sport and recreational facilities, medical clinics, schools, and other public places, as well as in newspapers, posters and billboards and on the internet and email advertising. In addition, tobacco companies are prohibited from sponsoring sporting, cultural, educational, health-related and socio-political activities and from exhibiting products imitating packets of tobacco products in retailer outlets. The only permitted form of tobacco advertising is product information displayed in points of sale, which can only contain information regarding the tobacco brand and the amount of harmful ingredients in the product. It should also include a warning about the harmful effects of tobacco use and cannot contain any form of encouragement to use it.

Sale of sensitive goods

Special rules apply to selling sensitive goods such as pharmaceuticals, alcohol, tobacco and energy drinks.

Pharmaceuticals

In general, the retail sale of pharmaceuticals may be carried out by:

— generally accessible pharmacies;
— pharmacy points; and
— non-pharmacy points, which include herbal-medical stores, specialist medical supply stores, and public stores.

However, as a rule only generally accessible pharmacies are entitled to sell pharmaceuticals without restrictions. Sales in pharmacy points and non-pharmacy points are limited respectively to certain types of prescription drugs and to a narrow range of over-the-counter drugs, which are listed in the relevant regulation of the Minister of Health and are identified by reference to the active substances that the drugs contain. There are also restrictions on the distance sale of pharmaceuticals, e.g. via the internet. Distance sales of pharmaceuticals can be carried out only by pharmacies and pharmacy points, and can only apply to over-the-counter drugs, except for drugs whose issuance is limited by the patient's age. In general, these comments do not apply to medical devices; however, special regulations apply to selling medicinal devices available on request.

Separate rules also apply to the wholesale sale of pharmaceuticals and the sale of veterinary medicinal products. The latter may be carried out in animal health facilities.

Alcohol

The retail sale of alcoholic beverages requires a special permit issued by the head of the local community administration (mayor or president of a city) with jurisdiction over the location of the given point of sale. Permits are issued separately for on-site and off-site consumption. Permits for on-site consumption are usually granted to restaurants, bars and food courts, whereas permits for off-site consumption are granted, e.g., to stores or specialist alcohol shops. Sometimes double permits (for on-site and off-site consumption) are issued for businesses such as wine shops.

There are limitations regarding the sale of alcohol in specific places and to certain persons. As an example, it is prohibited to sell alcoholic beverages:

— to individuals whose behaviour indicates that they are under the influence of alcohol;
— to persons under the age of 18;
— on school premises;
— at workplaces.

Additionally, local community councils are entitled to restrict the sale of alcoholic beverages in specific periods of time. They may determine, by way of a resolution, to limit the sale of alcoholic beverages for off-site consumption, on the territory of the council, between 10:00pm and 6:00am.

Tobacco products

As opposed to the sale of alcohol beverages, selling tobacco products, electronic cigarettes or disposable containers does not require a permit.

There are however certain restrictions on entities selling these products. For example, it is forbidden to sell tobacco products, electronic cigarettes, nicotine pouches and disposable containers to persons under the age of 18. In addition, entities selling such products are obliged to display at the place of sale, visible and legible information about the ban. Further restrictions include the ban on selling these products on the premises of entities performing medical activities, schools, educational and upbringing facilities, as well as sports and recreation facilities. It is also forbidden to sell tobacco products, electronic cigarettes and disposable containers in vending machines and self-service systems, with the exception of duty-free shops. The ban on selling these products also extends to distance selling, including cross-border distance sales.

Additionally, every business that sells tobacco products, including stores and wholesalers, must be registered with the Track&Trace tobacco tracking system. Registration is part of the EU's Track&Trace system for these products, the purpose of which is to eliminate illicit tobacco products from the market.

Energy drinks

As with tobacco products, the sale of energy drinks does not require a special permit.

However, the sale of beverages with added caffeine or taurine, commonly known as energy drinks, is regulated in Poland. As of 1 January 2024, the sale of energy drinks to persons under the age of 18 is prohibited. In addition, these beverages cannot be sold in educational institutions or in vending machines. Additionally, manufacturers and importers of energy drinks are obliged to clearly label the unit packaging of the product with the term "energy drunk" in a manner that is easily visible, readable, permanent and cannot be removed.

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