

POLAND

Corporate Structure/Capital Market

Corporate Structure

The most common vehicle used for the acquisition of real estate is a Limited Liability Company (LLC) (*Spółka ograniczoną odpowiedzialnością (Sp. z o.o.)*) or a joint-stock company (*Spółka Akcyjna (S.A.)*). The former is similar to an English private company or German (*Gesellschaft mit beschränkter Haftung (GmbH)*) and the latter to a Public Liability Company or German (*Aktiengesellschaft (Ag)*). A **limited partnership** (*spółka komandytowa*) may also be used, although for tax purposes this is not treated as a legal entity and the income is allocated to the individual partners. This is similar to an English Limited Partnership. Other partnership structures may be used providing different degrees of partner liability and management responsibility, for example the Civil Law Partnership (*spółka cywilna*) which is similar to the traditional English **partnership**. A foreign corporation also may be used to acquire property, subject to the requisite government department approval. A branch may be established in Poland to provide local management.

Capital Market

The Polish capital market provides similar sources of capital to most other European countries.

Many of commercial real estate investors are private companies or foreign investors. Insurance companies and other institutional funds are major real estate investors.

Most loans are denominated in Polish zlotys, although some loans are made in Euros or US dollars. Private mortgages are sometimes made in Swiss Francs taking advantage of lower interest rates (although with commensurate exchange rate risks).

Mortgages are normally made by notarial deed (*act notarialny*) and all mortgages must be registered at the Land and Mortgage Registry (*Księgi Wieczyste*) to become effective. Priority is normally based on the date the mortgage deed is filed.

Real Estate Taxes and Transaction Costs

The following are the principal taxes and other costs levied on land and buildings:

Transfer tax/Stamp duty	2% of transfer value on the acquisition of real property, unless VAT-exempt or outside scope of VAT. Payable by purchaser. Agricultural land may be exempt. Company share transfer. Flat fee of 1,570 PLN. The purchase of shares in a real estate company is normally subject to a tax of 1% of the market value of the shares.
VAT	22% for most real estate transactions, which includes a lease of non-residential property. Leases of residential property and a perpetual usufruct of agricultural are exempt from VAT. Payable on purchase of land to be built on and the purchase of a building or the payment of stage payments for a building (there is an exemption for a “first occupation” and a reduced rate for residential buildings). If land is sold with buildings the entire property is treated together. Payable by seller/provider.
Notary fees	Based on a sliding scale. Max. amount 10,000 PLN. See rates under “Registering Property”. Both parties are jointly liable.
Registration fee	See “Registering Property”
Mortgage registration fee	
Broker’s fees (ex. VAT)	2–3% (subject to negotiation)
Legal fees (ex. VAT)	0.25–3% (depending on size and nature of transaction)
Capital gains tax	19% on realised gain.
Local real estate tax	Payable by the owners of land and buildings based on a rate per square metre determined by the local council. Forestry and agricultural land and buildings are exempt.

Tax rates are only a guide.

These change from year to year and require specialist professional advice on application to any individual or legal entity.

More information about national tax can be obtained at the or from an accountancy firm (see accountants).

Also see our list of legal firms.

Further information may be found in our **Bibliography**.