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OUR NEWS

1. Employee Capital Plans (PPK)



As of 1 January 2021, the last group of employers – companies employing less than 20 people and public finance sector entities – became covered by Employee Capital Plans.

What are Employee Capital Plans?

An Employee Capital Plan is a voluntary, private, long-term savings system available to all employees. PPKs have been developed jointly by employees, employers and the state.

The objective of a PPK is to increase the financial security and enhance employee's private pension savings, as well as to boost the development of the economy, businesses and jobs.

A PPK covers individuals, whether employed under an employment contract or otherwise engaged, based on a contract of mandate, an agency agreement or some other service contract, including members of the supervisory board compensated for their functions, as long as they are subject to mandatory pension and disability social security insurance for this reason. A PPK does not apply to self-employed workers,

i.e. businesses cooperating on a B2B basis.

An employer is required to execute a PPK management agreement and a PPK operation agreement for and on behalf of the beneficiaries.

Who is not required to introduce a PPK?

- Self-employed, i.e. sole proprietors, if they do not employ people enrolled into a PPK;
- Individuals who engage another individual to perform services, but not in connection with their business activity (i.e. employing a nanny or part-time housekeeper);
- Micro-businesses where all the employees have provided an opt-out notice;
- Employers who have already established a PPK and that calculate and pay basic contributions to a Retirement Pension Scheme (PPE) of at least 3.5% of the salary, where at least 25% of the employees have been enrolled into the PPE.

Contributions to a PPK

Every beneficiary has an individual and registered account within a PPK to which contributions will be paid by the employers, as well as a welcome payment and annual additional payments by the Polish state.

Basic contributions are calculated and paid by the employer when paying the salary. When enrolling into a PPK, employees agree to have 2% of their salary transferred to their PPK account. Employees may also declare voluntary contributions of up to an additional 2% of the salary.

The employer's contribution will be 1.5% of the beneficiary's salary. These contributions are mandatory and cannot be deducted from the employees' salary. The employer may also declare voluntary additional payments towards an employee's PPK of up to 2.5% of their salary.

Additionally, once the statutory requirements have been fulfilled, employees will receive funds from a third source – the state. These funds include a one-off welcome payment of PLN 250 and annual contributions of PLN 240.

By when does an employer have to comply with the formalities connected with a PPK?

The last group of employers required to introduce a PPK, as of 1 January 2021, must sign a PPK management agreement **by 23 April 2021**, and a PPK operation agreement not later than **by 10 May 2021**.

These agreements must be signed with a financial institution chosen in consultation with the trade union, if any, or employee representatives operating at the company.

Opt-in and opt-out

Employees aged between 18 and 54 are automatically enrolled into a PPK, whereas employees aged 55 or over are required to individually apply to be enrolled. Every beneficiary has an opt-out and opt-in option based on a relevant declaration submitted to the employer.

New employees become eligible for auto-enrolment into a PPK within 10 days after 3 months of employment. If all the present employees have opted-out, and a new employee opts-in, the employer is required to sign a new PPK operation agreement.

2. | Shield 6.0

From December 2020, businesses may once again use Covid-19-related aid under the "Shield 6.0". This time the regulations apply to a broader group of businesses and the support includes:

1. Subsidies to salaries
2. A one-off additional "parking benefit"
3. Additional "parking benefits" for tourism and entertainment industries – the number of Polish Classification of Economic Activities (PKD) codes has increased
4. A one-off subsidy from the Labour Fund for micro-businesses and small enterprises
5. Exemption from ZUS contributions for November 2020
6. Exemption from ZUS contributions for July, August and September 2020
7. Exemption from the obligation to collect and pay ZUS contributions on civil-law agreements

Re. 1 Subsidies to salaries:

Until 28 February 2021, businesses may apply for a subsidy to salaries for their employees and fees payable to individuals engaged under civil-law agreements such as a contract of mandate. The monthly subsidy available will be up to PLN 2,000 per person, depending on the working time scheme, for a period of up to three months in total. An applicant is eligible for support if they operate a business under a relevant Polish Classification of Economic Activities (PKD) code and have reported a specified revenue reduction. Applications must be submitted electronically to the relevant regional labour office.

Re. 2 A one-off additional "parking benefit"

An additional parking benefit will be granted to businesses who have already received at least one such benefit. Applications can be submitted from

30 December 2020 until the end of the third month after the month in which the coronavirus pandemic is officially declared over. Funds will be disbursed in the same amounts, i.e. PLN 2,080 or PLN 1,300, respectively. An applicant is eligible for support if they operate a business under a specific Polish Classification of Economic Activities (PKD) code and reported revenue in October or November 2020 that was at least 40% lower than in the same months in 2019. Applications are submitted electronically via the dedicated ZUS Electronic Services Platform (PUE).

Re. 3 Additional "parking benefits" for tourism and entertainment industries – the number of Polish Classification of Economic Activities (PKD) codes has increased

Under Shield 6.0, the eligibility criteria for the additional parking benefit have been revised to include companies operating in tourism and entertainment. The benefit that may be granted to people who have already received such a benefit, operate its business under a specific Polish Classification of Economic Activities (PKD) code and report its revenue in the month preceding the submission of the application by 75% lower than in the comparable month in 2019. The funds will be disbursed in the same amounts, i.e. PLN 2,080 or PLN 1,300, respectively, no more than three times. Applications for a parking benefit are submitted electronically via the dedicated ZUS Electronic Services Platform (PUE) from 16 December 2020 until the end of the third month after the month in which the coronavirus pandemic is officially declared over.

Re. 4. A one-off subsidy from the Labour Fund for micro-businesses and small enterprises

Micro-businesses and small enterprises, if their activities fall within the group of Polish Classification of Economic Activities (PKD) codes specified under Shield 6.0, may apply for a one-off subsidy of PLN 5,000 to pay the day-to-day

operating costs of the business. To be eligible under the scheme, an applicant must prove that its revenue in October or November 2020 was at least 40% lower compared with the revenue reported in the same months in 2019, and that its business was not suspended on 30 September 2020. This subsidy is non-refundable, provided that it is used in accordance with its intended use and the applicant continued to operate its business for three months from the date on which the subsidy was granted. Importantly, the proceeds from the subsidy do not constitute revenue within the meaning of the provisions governing income tax. Applications are submitted electronically to the district labour office (PUP), after the head of the office announces a call for applications.

Re. 5. Exemption from ZUS contributions for November 2020

To qualify for an exemption from ZUS contributions for November 2020 under Shield 6.0, an applicant must declare that its business, as at 30 June 2020, fell within the group of authorised Polish Classification of Economic Activities (PKD) codes, that it was the payer of contributions and its revenue from November 2020 was reduced by 40% compared to the revenue reported in November 2019.

Re. 6. Exemption from ZUS contributions for July, August and September 2020

Due to the strict eligibility criteria, this form of support can only be granted to an extremely limited group of businesses. Applicants must conduct business under a specific Polish Classification of Economic Activities (PKD) code. They must be registered with ZUS as a payer of social insurance contributions by 30 June 2020, have submitted all the settlements and declarations by 31 October 2020 and in the first month for which the application is submitted their generated revenue must be at least 75% lower than revenue reported for the same month in the previous year, i.e. for example July 2020 and 2019.

Re. 7. Exemption from the obligation to collect and pay ZUS contributions on civil-law agreements

Individuals who execute a civil-law agreement (such as a contract of mandate or agency agreement) between 1 January 2021 and 31 March 2021, where this is their only title to pension and disability insurance, may request that their principals should be exempt from the obligation to calculate, deduct and pay social insurance contributions on the contractor's income. The application applies to contributions for the period between 1 January and 30 April 2021. Exemption may be sought by contractors whose aggregate revenue from contracts of mandate to all their principals in the preceding month did not exceed 100% of the average wage from the preceding quarter. Applications may be submitted from 1 January 2021.

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