Globalization Partners provides employer of record services for clients that want to hire employees and run payroll without first establishing a branch office or subsidiary in Poland. Your candidate is hired via Globalization Partners’ Poland Professional Employer Organization (PEO) in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company’s behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our Global Employer of Record Platform™ and Global PEO service enables clients to run payroll in Poland while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Poland.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You’ll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in 170 countries around the world, quickly and painlessly.

**Hiring, Negotiating and Doing Business in Poland**

The hiring and onboarding process in Poland is not unlike like the rest of the European Union, with a handful of key exceptions – or nuances. Poland has been an EU member country since
2004, but it is not yet part of the EU’s Monetary Union. Therefore, its local currency is still the Polish Zloty (PLN).

When negotiating terms of an employment contract with an employee in Poland, it may be useful to keep the following in mind:

**Employment Contracts in Poland**

Employment contracts must be signed and registered with the Social Security Bureau no later than 7 days before work commences. In addition to the signed employment, a set of specific statements and forms are required for registration with the authorities. Contracts must be written in Polish or English and, at minimum, include the below elements:

1. Relevant parties to the agreement (i.e. an employer and an employee)
2. Length of contract (see below for *Contract Types*)
3. Date of execution (i.e. when it was signed)
4. Employment terms and conditions:
   - Type of work (i.e. duties to be performed)
   - Place of work (i.e. work office or home office)
   - Remuneration details (including variable compensation/bonus – treated as additional salary and taxable just as base income)
   - Type of employment (if the work is to be performed on a full-time or a part-time basis)
   - Date of commencement (i.e. start date)

**Contract Types (Length of Service)**

There are 3 possible types of employment contracts with respect to contract length:

- *Short-term* (“contract for trial”), which can consist entirely of a probationary period (up to 3 months)
- *Fixed-term* for up to 33 months (renewable up to 3 times)
- *Indefinite* (“open-ended”)

(both fixed-term and the indefinite contracts may also include probationary periods)

Additionally, an employer must inform the employee, in writing and within 7 days of the date of contract execution, about the following details (if they are not already in the contract):

- Working hours
- Frequency of payment
• Annual leave entitlements

Notice period for termination

**Working Hours in Poland**

Normal working hours are 8 hours per day and 40 hours per week. Anything exceeding the agreed to working hours will be considered “overtime” and must be approved by the employer. Labor law stipulates that overtime in any given year must not exceed 150 hours. Overtime is compensated based on an allowance schedule (50-100% of gross pay on top of regular pay, depending on when the overtime occurred) or with additional leave time (1:1).

**Vacation Leave in Poland**

Additionally, employees are entitled to 20-26 days of paid leave or vacation (depending on tenure). Tenure is considered based on *all* periods of employment and education (not just current employer). Employees with less than 10 years of tenure are entitled to 20 days of leave while employees with 10 years or more of tenure are entitled to 26 days.

When leave is unused, it may be rolled over into the following calendar year (there is a carryover period of up to 3 years). *Four ‘on-demand’ sick days are included in this leave entitlement.*

**Poland Holidays**

Poland has 13 public holidays:

• New Year’s Day
• Epiphany
• Easter Sunday
• Easter Monday
• Labour Day/May Day
• Constitution Day
• Corpus Christi
• Assumption Day
• All Saints’ Day
• Independence Day
• Christmas Day
• Boxing Day
Sick Leave in Poland

Employees are also entitled to additional ‘certified’ paid sick leave for long-term illnesses when ordered by a physician (i.e. it requires a formal statement from a doctor). In this case, the employer pays up to 33 days of sickness (anything additional is paid for by the Social Security Bureau).

Maternity / Paternity Leave in Poland

In Poland, maternity and paternity leave are paid for by the Social Security Bureau (ZUS):

The length of maternity leave depends on the number of children born at one birth. The maximum length is 37 weeks in the event of giving birth to five or more children while in the event of giving birth to only one child it is 20 weeks. A female employee, after having used at least 14 weeks of maternity leave after the birth, is entitled to waive of the remaining part of the leave. In this case, the unused part of the maternity leave must be used by a male employee raising the child.

A male employee has the right to 2 weeks paternity leave to be taken before the child reaches the age of 24 months. It may be taken all at once or in two parts (each of the part must be at least a week).

An employee, after using the maternity leave, has also the right to parental leave in the amount of 32 weeks (in the event of giving birth to one child) or 34 weeks (in the event of giving two or more children). Both parents are entitled to the parental leave and they can use it at the same time. In such case, the total length of the leave must not exceed the above amounts (32 or 34 weeks).

An employee who has been employed for at least 6 months has the right to take up an unpaid childcare leave that must not exceed 36 months. The leave is granted before the child reaches the age of 6.

Termination/Severance in Poland

Employment contracts may always be terminated, with no penalty, by mutual consent between the employer and employee.

- Indefinite contracts are more difficult to terminate as they require grounds and justification for termination (these reasons may be challenged by the employee in labor court, if the employee does not agree with them)
• Short-term and fixed-term contracts only require proper notice (reason and justification are not required)
• Notice periods depend on length of service (see below for Notice Periods)

Notice Periods

Each type of contract may be terminated with proper notice:

Required notice for short-term contracts (up to 3 months):

• 3 working days if the probationary period does not exceed 2 weeks
• 1 week if the probationary period is longer than 2 weeks
• 2 weeks if the probationary period is 3 months

Required notice for fixed-term and indefinite contracts:

• 2 weeks if the employee has been employed for less than 6 months
• 1 month if an employee has been employed for at least 6 months
• 3 months if an employee has been employed for at least 3 years

It is important to note that the employer can only terminate by giving notice. Paying an indemnity in lieu of notice is not permitted.

Note

The employer may shorten the 3-month notice (to no less than 1 month) only in instances of bankruptcy or liquidation. In such cases, the employee still retains the right to compensation equal to the remuneration for the remaining part of the full notice period (‘garden leave’).

Additionally, it is important to note that, in scenarios where a termination is challenged by the employee (typically, this would only occur in the case of an indefinite contract), the labor court would determine the outcome (possibly nullifying the termination and reinstating employment, or granting additional settlements).

Taxes in Poland

Employees must be registered with the Social Security Bureau within 7 days before the commencement of work. The Polish social security system includes the following:

• retirement insurance
• medical insurance for general sickness
The employer’s social contribution cost may be as high as 18% of the employee’s monthly gross remuneration. The employee’s social contributions total approximately 14% of monthly gross remuneration.

Additionally, there is an annual cap on the value of pension and disability contributions (by the employer and employee collectively). In 2018, this total amount was set at 133,290.00 PLN.

The employer must pay a mandatory contribution of 2.45% of employee’s monthly gross pay to the ‘Labor Fund’ and an additional 0.1% to the employee ‘Guaranteed Benefits Fund.’ Both are related to unemployment benefits and are separate from the Social Security Bureau system.

Note

While supplementary (i.e. private) health insurance benefits are not compulsory, they have become more common in recent years (particularly for senior personnel in larger cities). If the employee requests such benefits and the employer chooses to provide them, it can be facilitated in 1 of 2 ways; by combining the supplementary insurance policy with the provisioning of the (mandatory) preventative medical examination (see below for Preventative Medical Examinations) under a single contract with an Occupational Medical Center of choice, or the employer may offer the employee an allowance toward a private insurance policy (150-300 PLN per month is recommended, depending on the medical center).

It is important to note that the additional medical insurance is considered income and is, therefore, subject to normal social contribution payments and tax.

Preventative Medical Examinations (REQUIRED)

All employees are required to take a preventative medical examination prior to commencing work to ensure that they are well enough to perform their duties on the job (a certificate will be issued by the doctor). This exam must be facilitated by the employer, i.e. paid for and ordered via a formal “referral” process. These exams are customized toward a specific trade and are performed by licensed physicians. The most prominent of such medical centers are:

- maternity/paternity insurance
- disability insurance
- work accident insurance
- maternity/paternity insurance
- death/funeral insurance
1) Medicover, 2) Lux Med and 3) Enel-Med. However, licensed occupational medicine doctors in standard medical centers around the country may also conduct these exams. If the employer plans to hire a larger number of employees (>10), it is recommended that the employer sign a contract with one of these occupational medical centers (often a more cost-effective and efficient approach). While some medical centers will ask for a contract with the employer, generally it is not a requirement.

The cost of a preventative medical examination is between 120-500 PLN (per employee), and will depend on the requested tests (how many) and how many specialists are involved (e.g. an eye specialist for an employee who works with a computer).

**Occupational Safety and Health Training (REQUIRED)**

All employees are also required to undergo occupational safety and health training prior to commencing work to ensure that 1) they are educated about general job safety laws and guidelines and 2) they receive company- and job-specific safety instructions (i.e. work health conditions, risks and safety requirements). The overall ‘occupational safety training’ program has 2 components, which are commonly referred to as ‘general training’ and ‘toolbox talk’:

- **‘General training’** must be conducted by a specialized company that is certified in fundamental provisions of workplace health and safety as part of wider Polish labor code.
- **The ‘Toolbox talk’ piece can be performed by an authorized company (internal) representative who has in-depth knowledge about the job and what is needed to do it safely; the overall environment, its health risks and the tools needed to minimize them**

The estimated cost of a complete occupational safety and training program is between 90-120 PLN (per person) and no contract with the providing company is needed.

*It is important to note that all employees must confirm, in writing, that they are familiar with the principles and provisions of health and safety at work.*

**Why Globalization Partners**

Establishing a branch office or subsidiary in Poland to engage a small team is time-consuming, expensive and complex. Polish labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Poland. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you’re in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Poland PEO and Global Employer of Record Platform provides you peace of mind so that you can focus on
running your business.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Poland, please contact us.

Request a Proposal