Q&A Summary (26h June 2025 in Warsaw) B2B contract vs Employment Contract

(Slide 8-9)

Is the registration in the Central Register of Business Activity complicated and time consuming process?

>>The registration can be made on online and easy for Polish citizens.

Are there any work which generally is not suitable to B2B contract and should be performed through employment contract?

>>Independence is the most crucial feature of B2B model, namely task is performed independently without necessity of supervision. So, B2B contract is not appropriate for junior rolls which do not require specialization and for supportive functions such as administrative assistant, receptionist, etc and for production workers.

(Slide 14-15)

I understand that if a B2B contractor use the company's/the client's PC, mobile phone, etc. Those costs should be charged to the contractor by the company. What else of costs to be charged for example? Using desk and space of the office, utilities, etc, precisely speaking? Is it recommendable to agree in B2B contract on those matters?

>>Yes, all items for example PC, mobile phone, software, office space, etc. should be charged to B2B contractor. It is recommendable to agree all of those elements to be charged in the contract.

(Slide 18-19)

In many cases how is the remuneration agreed in B2B contract among those 3 options most? Maybe hourly rate is the easiest and less burdensome way for both parties?

>>Remuneration based on hourly rate is the most common solution used in practice. It is possible to introduce an hourly limit to this model, for example to limit maximum time spent in a given month. Another solution is a flat monthly rate. It is theoretically the simplest one. But we should be usually careful in organizing those solutions and avoid those analogous to an employment contract .

Could you tell us that how long contractual period B2B contracts have in general? When remuneration raise can be negotiated? When renewing the contract? Or on the way of the contractual period?

>>The contractual period can be agreed freely for example indefinite time, project period, etc. Remuneration increase can be negotiated anytime for example on the way of the contract period or when renewing. But, again, the increase should not be made like as in employment contract.

(Slide 26-27)

In my understanding, not so many labour inspectorates are made in Poland due to shortage of resources in the authority. They have no resources to make inspection at random. I think that if both parties are satisfied with the condition, it is not meaningful for the authority to reclassify the B2B contract to employment contract. So, they are inspecting only based on complaints from contractors or whistle blowing, etc. Is it practically correct.

>> Yes, that is correct. Court disputes are usually result of a conflict between the contractors for example in termination of the contract. Another reason may be a change in B2B contractor's life situation such as illness or pregnancy where employment give them favourable protection. Regarding the labour inspections, also your understanding is correct. Labor inspectorates rarely examine B2B contract, even more rarely question them. Last year there were only 11 cases of challenging B2B in the whole country. But we are hearing there is a plan where power of labour inspectorates will be strengthen, being given new power to reclassify independently civil law contract to employment contract and number of inspectors is increased. In the future there is a possibility for inspectorates to verify B2B contract more frequently. So, it is important to design B2B cooperation model appropriately.

Is it one of major focuses of tax authority and social security office to reclassify B2B contract to employment contract?

>>Though many tax audits are made from PIT, social security and VAT perspective by the tax authority but it is not easy for the tax authority to challenge B2B contract and reclassify the contract to employment contract, for the time being, because a few conditions has to be met jointly (from PIT and social security perspective) From a VAT perspective it may be easier for tax authorities to attempt requalification.

But we should note that the tax authority is looking at substance. Especially when changing contract from employment to B2B, we should be careful that real life in B2B contract is not similar to in employment contract.

(Slide 32-33)

Why B2B contract is not suitable for managerial services from tax point of view?

>>Managerial service contract (in Polish 'kontrakt menedżerski') is always taxable at progressive tax

rates for Polish tax resident, even if such managerial services are rendered under B2B contract. In other words if B2B contractor would like to choose 19% flat rate tax or lump sum tax (for example at rate 15%), managerial services cannot be subject of the contract.

(Slide 42-43)

Generally how B2B contractors are doing those administrative and compliance work? I understand that it is no problem for you to do then by yourself, since you are tax advisor. But for general people, those are not easy to do by themselves.

>>In many cases B2B contractors are employing an accountant to comply with reporting obligations. There are lot of service providers in the market with reasonable fees.

I understand that B2B model can be applicable to foreigners, though the foreigners should be registered in in Central Register of Business Activity in advance. I have heard that in the case, the foreigner do not need to obtain work permit to start working in Poland based on B2B contract. Is it correct?

>>Yes, it is correct. Work permit is not needed but still permission to stay in Poland legally such as visa, residence permit, etc is needed.