



April 21, 2020

## **POLAND'S ANTI-CRISIS SHIELD 2.0 – KEY UPDATES**

On April 17, 2020, the Polish Parliament amended certain provisions on providing aid to businesses in Poland as contained in the Act on Special Solutions Related to the Prevention, Counteraction and Eradication of COVID-19, referred to as the Anti-Crisis Shield 2.0. These provisions reduce some of the requirements originally provided for obtaining financial aid, and also extend the scope of eligible recipients.

### **Co-financing employee compensation from the Guaranteed Employee Benefits Fund**

- Funding can be granted for 3 calendar months, from the month in which the application is submitted. (Previously, this period commenced from the date of submitting the application.) This means that a whole calendar month can be covered by the grant, regardless of the date of application submission in that month.
- The reduction of working time has been made more flexible. Now, it may be up to a maximum of 20%, but it may also be less. (Previously, the reduction had to be exactly 20%.)
- The prohibition to terminate employment contracts for subsidised employees will apply only to the period of receiving funding. The business will be able to delivery termination notices of such employment contracts after the subsidy period ends. (Previously, the prohibition to provide notice of termination for reasons not related to the employee continued for the time following the subsidized period, for the length of that period.)
- The above changes also apply to contracts for the payment of co-financing that have already been concluded, which is particularly important for businesses which were the first to be affected by a drop in turnover and have already applied for or received funding.

### **Co-financing of employee compensation by the district governor for most severely affected businesses**

- Funding can be granted for 3 calendar months, from the month in which the application is submitted. (Previously, this period commenced from the date of submitting the application.) This means that a whole calendar month can be covered by the grant, regardless of the date of application submission in that month.
- The obligation to continue to employ employees covered by employment contracts concluded with the district labour office will relate only to the period for which the funding was granted, and not, as previously, for an additional period equal to that period, after the end of the subsidy period.
- The amended rules also apply to funds already granted.

## Declaration of bankruptcy

- The 30-day statutory time period for filing an application for bankruptcy does not run during the period of an epidemic emergency or state of epidemic (which is currently in effect in Poland) if the cause of insolvency is COVID-19. This means that an application for bankruptcy can also be filed after the epidemic has ended. This provision is particularly important for businesses in financial trouble and members of their governing bodies who otherwise would be statutorily responsible for meeting this deadline;
- If a business is in a state of insolvency that arose during the state of epidemic emergency or the state of epidemic declared as a consequence of COVID-19, it is presumed to have arisen due to COVID-19. Accordingly, it will not be required to prove this cause of insolvency.
- The above provisions shall be effective from April 13, 2020.

## Exemption from social security contributions for businesses employing 10-49 employees

- The exemption from social security contributions will be available to a wider group of businesses, as it will also cover those which employ up to 49 employees. For companies with 10-49 employees, the exemption will amount to 50% of the total amount due for contributions for a period of three months. (Under previously existing regulations, the exemption, without the 50% limit, covers entities with up to 10 insured.)
- One of the prerequisites for the exemption is being a registered payer of contributions before April 1, 2020. (Previously, the company had to be in operation before February 1, 2020.)
- The amount of the contribution exemption will not constitute taxable income for CIT purposes.
- The exemption also covers contributions for March 2020 which were already paid, and these contributions can be reimbursed.

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