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THE RIGHT FOCUS

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TABLE OF CONTENTS

3 A REVOLUTIONARY REFORM OF POLAND'S CAPITAL MARKET / ETFS AND THE QUALIFIED INVESTMENT FUND

Rafał Rapala, Weronika Duchnowska

5 HOW TO CORRECTLY CALCULATE LENGTH OF SERVICE FROM 1 MAY 2026

Karolina Klunder, Angelika Stańko

7 DIRECTIVE 2024/825 – THE EUROPEAN UNION'S RESPONSE TO GREENWASHING

Joanna Barbrich

9 TAX SETTLEMENT AGREEMENT / A NEW TOOL IN THE GENERAL TAX CODE

Aleksandra Pizon-Jaworska

11 OVERHAULING THE SENT SYSTEM / FROM CLOTHING TO CONCRETE AND INTERNAL LOGISTICS. HOW TO PREPARE?

Jan Janukowicz

A REVOLUTIONARY REFORM OF POLAND'S CAPITAL MARKET / ETFS AND THE QUALIFIED INVESTMENT FUND

RAFAŁ RAPALA

WERONIKA DUCHNOWSKA

Why is Poland changing the rules of the game in the funds market?

Poland's capital market is on the cusp of one of the most significant reforms in recent years, which will fundamentally reshape the regulatory framework for ETFs and introduce an entirely new investment vehicle: the Qualified Investment Fund (QIF/KFI).

This is a response to market demands and presents an opportunity for Poland to close the gap with countries such as Luxembourg and Ireland, with the overarching objective of boosting competitiveness and stemming the outflow of investment capital abroad. The new regulations aim to deliver greater flexibility for investors and fund managers alike, while also aligning with current market trends and European standards. We examine what is changing in practice and what it means for all market participants.

The Qualified Investment Fund – a new vehicle for private equity

Unlike the existing closed-end investment funds (CIF/FIZ), the Qualified Investment Fund is intended to be a new category of investment vehicle that is:

- Simpler in structure
- More flexible
- More tax-efficient
- Internationally competitive

and is designed with private equity and venture capital market standards in mind. It is also tailored to the long-term nature of such investments.

The KFI will have legal personality and the status of an alternative investment fund (AIF/AFI), and can be managed by:

- An investment fund company (IFC/TFI)
- A manager of alternative investment companies (AICs/ASI) holding a licence from the Polish Financial Supervision Authority (KNF)
- A European alternative investment fund manager (AIFM/ZAFI)

The key structural elements of the KFI are as follows:

- Committed capital model, under which investors undertake to make contributions up to a specified maximum amount; these contributions are then made at the fund manager's request in line with investment needs (capital call mechanism)
- Waterfall mechanism, whereby funds are distributed once the investment has been completed, with investors having priority of return; the manager's remuneration is payable only after investors have recovered their invested capital plus a minimum rate of return. In practice, this means that the manager only receives remuneration once investors have recovered their investment with a profit
- Mandatory capital commitment by the manager – a requirement designed to ensure alignment of interests between the manager and investors
- Closed-ended structure – early termination of an investment will only be possible in the cases specified in the fund's articles of association, thereby ensuring structural stability and enabling the pursuit of long-term investment strategies
- Investors' meeting – a supervisory body open to all registered investors, responsible for overseeing key aspects of the fund's operations
- KFI units – the KFI will issue units constituting transferable proprietary rights, recorded in the register of investors; such units do not qualify as securities and do not take documentary form

UCITS-compliant ETFs: the end of regulatory exclusion

Poland's capital market, despite its growing importance in the economy, does not yet offer the fully developed and competitive investment instruments that have proved successful in other EU countries. This is particularly apparent in the area of ETFs (Exchange Traded Funds), which, due to regulatory barriers, have only a limited presence in Poland.

At present, ETFs may only operate in the form of portfolio funds, meaning that under European law they are treated as alternative investment funds rather than UCITS (Undertakings for Collective Investment in Transferable Securities). In practice, this results in a number of constraints.

Accordingly, as the explanatory memorandum to the draft legislation makes clear, the aim is to enable ETFs to operate as UCITS-compliant vehicles, that is to say, as open-ended investment funds whose units constitute securities admitted to trading on a stock exchange.

This represents a landmark development. For the first time, Polish ETFs will be able to compete on a level playing field with funds domiciled in Dublin or Luxembourg. By virtue of the EU passport, they will be eligible for cross-border distribution, significantly enhancing their appeal to institutional investors whilst also enabling their inclusion in global databases.

Furthermore, the proposed amendments envisage the introduction of new unit classes within existing open-ended and specialised funds, which will be eligible for listing and trading on the secondary market.

This solution, modelled on established practices in Luxembourg and Ireland, allows for a flexible combination of traditional distribution channels with exchange trading, thereby opening up new opportunities for fund managers and distributors alike. The draft amendment to the Investment Funds Act is currently at the consultation stage, with its adoption anticipated in Q4 2026. It is well worth monitoring its progress and preparing for the forthcoming changes.

HOW TO CORRECTLY CALCULATE LENGTH OF SERVICE FROM 1 MAY 2026

KAROLINA KLUNDER

ANGELIKA STAŃKO

New rules for calculating length of service have applied to private sector employers since the beginning of May 2026. With companies continuing to express concerns about the new framework, the Ministry of Family, Labour and Social Policy has addressed the most common questions. Below, we look at the issues that are (still) troubling employers and how we can help.

Under the amended Labour Code, the following periods (among others) count towards length of service:

- Periods of conducting non-agricultural business activity in respect of which pension, disability or accident insurance contributions were paid
  - oEmployers should keep in mind that when recalculating an employee's length of service, they must also take into account the so-called 'start-up relief' (ulga na start), i.e. the first 6 months of business activity during which the individual was not required to pay compulsory social insurance contributions

- Periods of work performed under:
  - A contractor agreement (umowa zlecenia)
  - A contract for services to which the provisions on contractor agreements apply
  - An agency contrac

in each case where the individual was subject to pension and disability insurance.

This covers, among other things, the periods during which such contracts or agreements were actually performed.

- Periods during which an individual was:
  - A collaborator of a person working under a contractor agreement, a contract for services or an agency contract
  - A member of an agricultural production cooperative or a farmers' circle cooperative (spółdzielnia kółek rolniczych),

where the individual was subject to pension and disability insurance.

- Such documented periods during which the individual was not subject to pension and disability insurance under separate legislation.

A good example of the above is work performed under a contractor agreement by a student who benefits from an exemption from social insurance contributions under the Social Security System Act. The period during which the agreement was performed will count towards the length of service, even though no contributions were paid to the Social Insurance Institution (ZUS).

- Documented periods of work performed abroad on a basis other than an employment relationship. According to the Ministry, work performed abroad can be evidenced by:
    - A document from the social insurance or tax authority of the country where the work was performed
    - A document from the business activity register
    - A certificate issued by the foreign employer

Extra years of service **can lead to**, among other things:

- A longer annual leave entitlement
- A higher seniority allowance
- Eligibility for a long-service award, or for the next tier up
- Access to a wider range of roles where a specific length of service is required
- A longer notice period for termination of the employment contract
- A higher severance payment upon termination of the employment contract

What is the deadline for documenting the new periods?

Private sector employees have 24 months from 1 May 2026 to provide their employer with documents evidencing the relevant periods of employment.
If a period is not documented within that timeframe, the employer will not factor it in when calculating the length of service on which the employee's entitlements depend.

Do the new rules mean that contractor agreements will be treated as employment contracts?

According to the Ministry – yes, but only for the purposes of calculating length of service.
The new rules do not, however, equate contractor agreements with employment contracts. In particular, they do not confer employee rights on contractors.

An employment contract and a contractor agreement remain distinct types of contract, each with its own set of rights and obligations for the parties involved.

Individuals working under a contractor agreement will not acquire any new entitlements in respect of that agreement by virtue of the new rules.

That said, where an employee previously worked for their current employer under a contractor agreement, that period will now count towards their length of service with that employer – and may therefore extend the notice period, which is tied to length of service with the given employer.

NOTE: According to the Ministry, including a period of work performed under, for example, a contractor agreement in an employee's length of service – where that employee is taking up employment under an employment contract for the first time – will not change the rules on granting annual leave. In such cases, employees still acquire the right to annual leave at the end of each month of work, in the amount of 1/12 of the annual entitlement due after one year of service.

Do employers have to recalculate length of service for all employees automatically?

According to the Ministry, employers should update their employees' length of service – along with any resulting entitlements – where they hold documents evidencing the new periods that count towards length of service, namely:

- Where the employee has submitted such documents; or
- Where the employer previously engaged the employee under a contract whose period of performance now counts towards length of service under the new rules, and still holds the relevant documentation

If the employer no longer holds such documents (due to data retention rules), it is up to the employee to evidence the relevant period, by requesting a certificate from ZUS and submitting it to the employer.

Employers are not required to reconstruct historical records – the onus is on employees, who can obtain the relevant certificate from ZUS.

DIRECTIVE 2024/825 - THE EUROPEAN UNION'S RESPONSE TO GREENWASHING

JOANNA BARBRICH

Greenwashing poses one of the most significant challenges to the consumer protection framework in the European Union. As customers become increasingly environmentally conscious, brands are ever more inclined to leverage this interest by invoking the language of environmental protection, sustainable development and climate neutrality. Yet these claims do not always reflect the actual characteristics of their products or services. The EU has sought to bring systemic order to this area by clarifying the information obligations of traders and broadening the list of practices deemed unfair.[1] We consider what these changes mean for businesses in practice.

Will we finally see a definition of greenwashing?

Although the concept of greenwashing is widely used, both in everyday language and in legal practice, neither EU nor national law provides a precise definition of the term. The Directive identifies specific practices which, by their very nature, are likely to mislead consumers as to the environmental impact of their products or services. This is because EU legislators have linked greenwashing to the regime governing unfair commercial practices.

One of the key changes is the expansion of the list of the main characteristics of a product. This category now encompasses information on environmental and social characteristics, as well as circularity aspects, such as:

- durability
- reparability
- recyclability

As a result, claims relating to these characteristics cease to serve a purely marketing function and become subject to legal scrutiny in terms of their accuracy and influence on consumer decision-making.

'Environmentally friendly' and 'climate neutral' products

The Directive pays particular attention to generic environmental claims.
The use of broad and evaluative slogans suggesting that a product is environmentally friendly or climate-neutral has been deemed unacceptable, unless the trader can demonstrate recognised excellent environmental performance in relation to the product as a whole.

Such claims have been expressly added to the blacklist of unfair practices that are prohibited in all circumstances.
At the same time, the Directive permits the use of specific claims, provided that they are clear, precise and verifiable.

Lower CO_2 emissions? Prove it

The Directive also addresses forward-looking claims. Claims suggesting that specific climate or environmental targets will be met are subject to individual assessment. Their admissibility depends on the existence of:

- clear, publicly available commitments
- a realistic plan for their implementation
- independent verification mechanisms

Failure to satisfy these conditions may result in the practice being deemed misleading.

The Directive takes a particularly strict approach to claims based on the offsetting of greenhouse gas emissions.

Claims suggesting that a product has a neutral or positive impact on the climate solely on account of offsetting mechanisms have been unconditionally prohibited.

The EU legislature took the view that such claims could mislead consumers into believing that the given product itself has no adverse environmental impact throughout its entire life cycle.

'Made in eco' under the microscope

The new rules also cover sustainability labels and certifications.

The Directive prohibits the use of labels that are not based on a credible certification scheme or that have not been established by a public authority. As a result, a significant proportion of private 'green' labels may be found to be non-compliant with consumer law if they fail to meet minimum conditions of transparency, independence and oversight.

Directive 2024/825 is of particular importance from the perspective of national legal systems, including Polish law.

Until now, efforts to combat greenwashing have relied on a patchwork of regulations addressing unfair competition, unfair market practices, and the protection of competition and consumers. The implementation of the Directive will require national legislation to be clarified and may lead to a strengthening of the powers of supervisory authorities in assessing the marketing communications of domestic businesses.

The Directive sets a standard of accountability for the information provided in business-to-consumer relations, shifting the boundary between lawful promotion and unlawful misleading practices.
In practice, this means that marketing strategies, compliance procedures, and the way ESG-related activities are communicated will all need to be reassessed.

The Directive not only brings order to the market in legal terms, but also reinforces the role of reliable information as a tool supporting the green transition.

[1] Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024

TAX SETTLEMENT AGREEMENT / A NEW TOOL IN THE GENERAL TAX CODE

ALEKSANDRA PIZON -JAWORSKA

A draft bill amending the General Tax Code (No. UDER110) has been submitted for consideration by the Council of Ministers. The bill introduces the tax settlement agreement (UDER110), a new form of amicable dispute resolution between taxpayers and the tax authority. The draft is open for inter-ministerial review and public consultation until 19 June, with the proposed date of entry into force being 1 January 2028. Below, we examine who may apply for a settlement agreement, when, and on what terms, and how the process may work in practice.

What is a tax settlement agreement?

A settlement agreement is a voluntary arrangement between the tax authority and a taxpayer or tax remitter (including their legal successors) concerning tax arrears.

The settlement agreement does not replace existing measures (e.g. payment relief[1]) but is a supplement to them, applying only to taxes that are classified as central government budget revenue; liabilities owed to local government units and non-tax budgetary liabilities are excluded.

Under a settlement agreement, the parties agree on the correct amount of the tax liability and the terms of repayment of the arrears. The process is always initiated by the applicant. Third parties liable for tax debts are not eligible to apply.

Reduced late payment interest – the key incentive to settle

The rate of reduction depends on when the application is filed:

Time of filing application	Interest rate
1. Before the commencement of verification activities or the initiation of a tax audit or a customs and fiscal audit	50%
2. After the above, but before service of the tax audit or customs and fiscal audit report, notification of acceptance of a tax return/correction, or the audit findings	60%
3. Before expiry of the time limit for commenting on the evidence gathered,[2] as set in the first-instance tax proceedings	70%

Late payment interest ceases to accrue from the date the application is filed.
No extension fee is charged either.

Tax relief – how does the process work?

An application may be filed from the date on which the tax arrears arise – during an audit or tax proceedings – but no later than the expiry of the time limit for commenting on the evidence gathered. All communication takes place exclusively via the taxpayer's account on the e-Tax Office platform.

The authority has 30 days to issue a decision either to proceed with the negotiation or to refuse the application.

The negotiation stage is intended to be informal, with the authority free to request documents and arrange meetings to clarify matters. However, if the parties fail to reach an agreement within 3 months, the authority will refuse to conclude a settlement agreement.

Once the settlement agreement has been drawn up, the applicant has 14 days to sign or reject it (failure to respond is treated as a rejection). For the agreement to take effect, a tax return, or a corrected return, consistent with the agreed terms, must be then submitted.

What effect can a tax settlement agreement have?

- Termination of the audit and discontinuation of the tax proceedings
- A prohibition on initiating new audits and issuing tax assessment decisions in respect of the matters covered by the settlement agreement
- Exclusion of criminal liability for fiscal offences relating to the arrears in question
- Suspension of the limitation period from the date the application is filed until the conclusion of the settlement agreement procedure

Tax settlement agreement – key limitations and risks

Inadmissibility of a settlement agreement

A settlement agreement is inadmissible where a tax assessment decision has already been issued and anti-avoidance proceedings are pending, where the liability arose from the application of penalty provisions or there is a suspicion of aggressive tax optimisation, or where the applicant has been convicted by a final and binding judgment or criminal fiscal proceedings are pending against them.

Lapse of the settlement agreement

A settlement agreement will lapse automatically in the event of a late repayment, resulting in:

- An obligation to pay interest in full
- Reinstatement of the authority's right to conduct audits and tax proceedings
- Exposure to criminal fiscal prosecution

Notably, where a settlement agreement has lapsed due to the applicant's fault, a fresh application in respect of any tax liability may not be filed until an additional period of 3 years have passed.

One-shot rule and non-appealability

A further application in respect of the same liability will not be permitted, irrespective of the reason for which the settlement agreement procedure was terminated. A refusal to enter into a settlement agreement will not be subject to appeal or to review by the administrative courts.

Will taxpayers benefit from the tax settlement agreement?

The draft bill presents a genuine opportunity for the amicable resolution of tax disputes on reduced-interest terms. However, it demands careful preparation, given the one-shot nature of the application, the retroactive consequences of a lapse of the settlement agreement, and the absence of judicial review of a refusal to conclude one.

We therefore recommend monitoring the progress of the legislative process and conducting a preliminary review of any existing tax arrears with a view to taking advantage of this new instrument.

[1] under Article 67a of the General Tax Code
[2] referred to in Article 200 § 1

OVERHAULING THE SENT SYSTEM / FROM CLOTHING TO CONCRETE AND INTERNAL LOGISTICS. HOW TO PREPARE?

JAN JANUKOWICZ

Just a few years ago, SENT (the Electronic Transport Monitoring System) was almost exclusively associated with tanker trucks and the fuel market. This is now a thing of the past. Today, it is an inspection tool that is increasingly being used for shipments of fruit, and, as of mid-March, even containers of clothing and footwear. The Ministry of Finance is already taking stock of the results of the most recent extensions, but for businesses this is merely a warm-up. One of the most sweeping reforms to the SENT Act is on the horizon. The scale of the planned amendments suggests that, when it comes to monitoring supply chains, the tax authorities have not yet had their final say.

Many businesses are asking themselves a simple question: "What comes next?". It is difficult to feel at ease when the rules of the game are changing mid-match. We're clarifying what lies ahead and explaining how you can prepare your business for the new SENT reality to avoid costly surprises.

The key features of the SENT system

The SENT system monitors the transport of goods that, due to their nature, have been classified as 'sensitive' from the perspective of tax risk and potential abuse.
It imposes specific obligations on all participants in the supply chain – senders, recipients, and carriers.
From a business perspective, SENT is not just a routine formality. Any inconsistency in documentation, error in reported data, or failure to meet update deadlines carries serious risks, including the detention of consignments, operational disruption and, most importantly, severe financial penalties imposed by the supervisory authorities.

The SENT in the textile sector – initial findings

In mid-March, the scope of the system was extended to cover selected textile and footwear goods. For companies operating in the fashion industry, this marks a shift from a niche regulatory framework to day-to-day operational practice, where the timeliness of deliveries and the accuracy of transport documentation are subject to rigorous scrutiny by the tax authorities.
The Ministry of Finance has already published initial data on the effectiveness of the new provisions. Approximately 15% of the 653 inspections carried out revealed irregularities. This should serve as a serious warning to the market: the risk of penalties does not only apply to those who intentionally circumvent the law. The high rate of non-compliance suggests that procedural errors, inconsistencies between internal data systems, or the absence of precise procedures for updating reports are often the problem.

The SENT Act – what changes lie ahead

Extended definitions of sender and recipient

The revised definitions of sender and recipient will cover new categories of transport, including the movement of goods that is not linked to a standard VAT transaction, such as:

- Returns
- Service-related transport
- Temporary use of goods
- Movements between an entity's own warehouses

This means that those who have thus far operated outside the SENT system may find themselves subject to new reporting obligations.

New definition of 'type of goods'

The new definition of 'type of goods' will cover goods classified under the Combined Nomenclature (CN) as well as those defined in other ways. Concurrently, the obligation to specify the CN heading in reports will be abolished, potentially streamlining the process, though it will require adjustments to internal procedures.

Inter-warehouse movements brought within the SENT system

The movement of goods between warehouses belonging to the same entity, which was previously handled via a separate MM document (an internal warehouse transfer document), will be incorporated directly into the SENT system. Businesses with extensive internal logistics operations should therefore prepare for new reporting requirements.

Mandatory disclosure of the vehicle's country of registration

All categories of reports will be subject to a new requirement to state the vehicle's country of registration. This additional formal element must be incorporated into SENT reporting processes.

Ready-mix concrete brought under SENT monitoring

One of the most significant changes will affect companies in the construction industry and distributors of building materials. The transport of ready-mix concrete and other mineral binder mixtures will be subject to monitoring obligations.

The SENT system – when will the changes take effect?

The legislative process for reforming the SENT system is drawing to a close.

Businesses must prepare for a staggered implementation schedule. The first changes will come into force just 14 days after the act is published in the Journal of Laws.

The core package of new provisions will take effect after 3 months.

However, the legislature has allowed for 9- and 15-month periods to prepare for the most significant changes (including new reporting obligations and tighter penalties). This time should be used to audit procedures and mitigate the risk of future sanctions.

The SENT system – who should prepare

The evolution of the SENT system from a niche fuel market monitoring tool into a comprehensive supervisory mechanism for the broadly understood logistics of sensitive goods is now a fact. This is forcing businesses to change their existing operational processes.

The recent extension of the system's remit to cover the clothing and footwear sectors, coupled with alarming data from the Ministry of Finance, makes it clear that businesses cannot afford to wait for the inspectors to arrive.

This is especially true in light of the imminent, most far-reaching reform of the act to date, which will bring under supervision not only new product categories, such as ready-mix concrete, but above all, inter-warehouse transfers and movements not linked to VAT transactions, including returns and service-related shipments.

The planned changes to entity definitions, together with the introduction of new formal requirements such as the mandatory disclosure of a vehicle's country of registration, mean that virtually every movement of goods within a company's own structure may soon be subject to rigorous reporting.

We can help you prepare. We offer:

- A precise legal and tax audit of your supply chain
- Development and implementation of robust internal procedures and staff guidelines to minimise the risk of errors in reports
- Review of contracts with counterparties and carriers
- Representation in audit and appeal procedures

Adequate preparation for the reform will not only help you avoid severe penalties but, above all, maintain stability in an increasingly stringent regulatory environment.

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