

On August 2, 2019 the Polish President signed into law the act amending the Commercial Companies Code, thus introducing to the Polish legal system a new company type – a Simplified Joint-Stock Company (PSA). It is the answer to the postulates of the start-up environment, which believed that the Polish system had lacked a legal form facilitating cost-efficient and flexible innovative operations and investments in new technologies. The act will enter into force on March 1, 2020.

The Most Important Features of PSA

- **Corporation and partnership hybrid** – PSA is a legal person which combines the features of a joint-stock company, such as issuing shares and holding shareholders harmless from the company's liabilities, and the flexibility inherent to partnerships.
- **Freedom of purpose** – Although the assumption of PSA was to accommodate start-ups, the law allows incorporation as one for any lawful purpose.
- **Easier incorporation** – PSA may be incorporated electronically (with certain exceptions), rather than solely before a notary.
- **Minimum capital requirements** – The required PSA share capital is PLN 1.
- **Broad-scope share preference** – The company may issue preferred shares and its shareholders have free reign when it comes to determining the type and scope of preference. The law provides for founding shares preference, so that their holders may have a percentage of the votes at the general meeting. This allows the founders to retain control over the company while at the same time increasing the number of shares to which, for instance, financial investors are entitled.
- **Variety of contributions** – The basic form of financing the company's operations is shareholders' contributions, whose amount in relation to the number of shares is determined by the company and its shareholders. The shareholders may make monetary or non-monetary contributions, it being understood that it is not necessary to value the non-monetary contribution (as is the case in joint-stock companies). Also, such contributions as work, services, ideas and know-how may be made to the company, as long as they have certain property value.
- **Share issue** – In order to raise funds for its operations, PSA may issue shares. PSA shares are not in the form of a document, they do not have a face value and they do not constitute the share capital. They also may not be put up for organized trading.
- **Easier fulfilment of company bodies' obligations** – Shareholder resolutions may be adopted during a general meeting, in writing or with the use of electronic communications. The general meeting proceedings may, in principle, be held outside Poland (with the exception of resolutions requiring notarization), while the basic manner of convening general meetings is electronic mail.
- **Simplified withdrawal of own contributions and profits** – Shareholders may withdraw the contributions made toward the share capital and the entire unshared profit without calling upon creditors to raise claims. The only obstacles in that regard are:
 - "Solvency test": payment will not be possible if it puts the company at risk of losing the ability (under ordinary circumstances) to fulfil due monetary obligations within six months following such payment
 - Obligation to replenish the share capital to cover anticipated losses incurred by the company, in the amount of 8% of the annual profit, until the share capital amounts to at least 5% of the total of the company's obligations arising from the most recent financial statements
- **Simplified liquidation** – PSA may be liquidated by one of the shareholders acquiring its assets and fulfilling the obligation to satisfy the creditors' claims.
- **Less oversight** – PSA is not obliged to have its annual financial statements audited, nor is it obliged to appoint a supervisory board, which will contribute to reducing its operating costs.
- **Simplified documentation** – Most documentation (e.g. share purchase or share acquisition agreements, shareholder resolutions, requests to PSA board) may be kept in the form of documents, without it being necessary to engage a notary (with the exception of amending the company agreement).

PSA appears to be a compromise between the existing principles of corporate law, particularly with regard to the functioning of corporations, and the needs of the modern economy. A degree of company management flexibility, coupled with a liberal approach to contributions and deformalizing its operations, offers an innovative operations formula attractive, above all, to beginner entrepreneurs.

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