

As 2019 has come to an end, it is time for employers to get ready for 2020. Below we present a short summary of changes in Polish employment law, covering such areas as salaries, taxes, benefits and employee litigation.

Issue	Principle
Minimum National Salary	As of 1 January 2020, the minimum national salary and hourly rate for contractors has increased. The national minimum salary has increased by over 15% from PLN 2,250 to PLN 2,600 (approx. \$675 or £523). The minimum rate for contractors has increased from PLN 14.70 to PLN 17 per hour of contracted work.
Seniority Allowance	Seniority allowance is a payment to the employee in recognition of length of service with a given employer. As of 1 January 2020, the seniority allowance is no longer taken into account when checking if the minimum national salary threshold is met.
Social Benefits Fund	In 2020 the amount paid into the Social Benefits Fund (ZFŚS) per employee will be calculated based on the average salary in 2018. In mid-2019 the contribution was increased from PLN 1,229.30 to PLN 1,271.20. It was announced by the government that the regular annual contribution to the fund per employee is planned to increase in 2020 from PLN 1,271.20 to PLN 1,550.25, which means a rise of almost 22%.
Decrease in the Rate of Personal Income Tax	The personal income tax rate for employees decreases by 1% to 17%. This applies to taxpayers within the lower threshold of the tax scale. The rate for higher earners remains the same, i.e. 32%.
Tax Exemption for Young People	From 1 August 2019, the salaries of employees or contractors under 26 have been exempt from personal income tax. While in 2019 this was based on the employee's request, from 2020 onwards the employer will automatically be required to stop withholding the advance payment of income tax on contracts with persons under 26 years of age if they are employees or contractors. The exemption will apply provided (and to the extent) that their annual income does not exceed PLN 85,528 (approx. £17,200 or \$22,222) in 2020.
Employee Capital Plans	Following introduction of Employee Capital Plans by the biggest employers in Q4 2019, two new groups of employers will now be covered by the Act on Employee Capital Plans. From 1 January 2020, the Act applies to business that employed at least 50 persons as at 30 June 2019 and, from 1 July, it will cover those employing at least 20 people as at 31 December 2019.
Restoring an Employee to Work in the First Instance Judgment	One of the biggest changes in Polish labour law is the provision enabling the court of first instance to reinstate an employee without waiting for a final ruling. This regulation means that the employee may continue to be employed until a final decision is passed by the Court of Appeal. This is a major change for Polish employers because, up to now, the court of first instance has not had such powers.
Changes in Jurisdiction of the Employment Courts	Pursuant to the amended Code of Civil Procedure, employment claims can be filed before the court of general jurisdiction over the defendant employer, or in a court in whose district the work is, was or was supposed to be performed. The option of bringing the case before the court in whose district the employer is located was abandoned. This may influence the wording of the termination notices given to the employees.

Moving Forward

We have listed changes that are already known. There are, however, other changes still under discussion or pending consultations, so these are not likely to be the only developments in 2020 in the labour and employment area. For example, still to be discussed and considered by the Parliament is a proposed obligation on the employer to state the applicable pay range for a position in the job advertisement. This instrument, already known in some other EU countries, may change the rules in recruitment. It is designed, in part, to mitigate the perception that men are sometimes paid more than women because they are less afraid to ask and negotiate. Stating a pay range, so the theory goes, allows a woman to understand the parameters of that negotiation better and thus makes her less anxious about pushing for the top of that range.

Contact



Małgorzata Grzelak

Partner, Warsaw

T +48 22 395 5528

E malgorzata.grzelak@squirepb.com