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In difficult and turbulent time of economic crisis creating the best possible conditions for entrepreneurs is a duty and responsibility of government administration and all the legislative efforts should be focused on restoring the economic growth. This principle should also apply to the Better Regulation strategy both in the aspect of removing the barriers to businesses and within the impact assessments system. The barriers to be removed should be selected by their capacity to influence business prosperity. Impact assessments should provide an answer if the new regulations can contribute to the increase of GDP. On the broader scale, Impact Assessments prepared to the European Regulations should point out the opportunities and threats with the attention to individual countries or regions because this unity in diversity principle ensures the best condition for growth of the whole community.

A necessary condition for the success and prosperity is freedom, especially in economic terms. To allow the full development of entrepreneurship, people must be guaranteed the maximum freedom possible.

Removing administrative burdens is a part of the Regulatory Reform in Poland, carried out by the Ministry of Economy. The Regulatory Reform is our answer to the better regulation / smart regulation initiative. The Regulatory Reform directly contributes to the construction of the "efficient state" in Poland, one of the ten challenges that were identified in the strategy of Poland 2030.

There are two major parts of the Regulatory Reform that refer to improving doing business conditions in Poland, the reduction of administrative burdens and simplification of economic law. The major difference between those pillars are that the reduction bases on the calculations delivered by the Standard Cost Model¹ baseline measurements and the simplification is done by screening of the law and removing the most irritating and complicated regulations.

The reduction of administrative burdens in Poland follows the 2007 initiative of the EU Commission, intended to improve competitiveness of the European economy. In March 2008 Poland set the target of reducing administrative burdens in seven chosen areas of economic law.

¹ SCM – (In Polish: Model Kosztu Standardowego – MKS)

According to this commitment, until the end of 2010 the administrative burdens are to be reduced by 25% in the seven following areas: environment, land development plan, economic activity law, social security, hallmarking law², tourist services, and employment law.

Apart from the Ministry of Economy, in the process take part the Ministries of Environment, Infrastructure, Labour and Social Policy and Sport and Tourism, in accordance with their competences.

The so called mapping in the mentioned areas revealed over 700 information obligations in 50 acts. The consequent baseline measurement, executed by a subcontracting company allowed for legislative works in order to meet the set target. A half-way report on the state of the reduction was prepared to measure the progress and to motivate the Ministries in charge. The outcome of the report indicates a steady progress, giving a strong chance to deliver the results within the set agenda.

Although the reduction is high in the agenda of Better Regulation in Poland, until now, the most alleviations with regard to facilitating business activity have come from simplification activities.

While most of the Ministries perform simplification activities in the areas of their competencies, according to policy requirements, but the most of the simplification works are done within the Ministry of Economy. The major reform changes were released in 2008 with the introduction of the Package for Entrepreneurship. The Package contained the proposals of amendments to twenty most important acts regulating rules of business activity in Poland. Since then the list of acts making up the Package was successively updated. Until now, eighteen acts from the Package were changed in favour of businesses. Another fourteen are in a different stage of legislative process. The imposed amendments support the “Think small first” initiative and concentrate on removing obsolete, unnecessary or the so called “gold plating” regulations and on eliminating unnecessary permits, licenses, concessions.

The most important changes were introduced to the following acts of law:

First stage of the amendment of the Act on freedom of economic activity – five groups of legal solutions have been introduced, including two key instruments: the first one includes possibility to suspend economic activity for a period ranging from one month to two years, while the second one provides for extending the scope of principles concerning the binding interpretation of law.

² Hallmarking law – the law covering hallmarking, assaying and describing articles made of, or containing precious metals (in Polish: “Prawo probiercze”)

Act amending the Accounting Act – facilitates tax settlement for small and medium enterprises. The Act increased the threshold of annual revenues at which small enterprises must start keeping complete accounts from EUR 800,000 to 1.2 million. This change, positive for SME's, increased the number of companies that do not have to incur the costs of comprehensive bookkeeping.

Act amending the Tax Ordinance – introduced a fundamental change to the Polish tax law system, i.e. an entirely new principle of the presumption of taxpayers' honesty. In accordance with this act, the citizen will not bear negative consequences of a suspected violation of law until a final decision or a valid court decision is issued. Thus, the taxpayer is not obliged, inter alia, to pay a certain amount of tax on the basis of a non-final decision by first instance authority. In addition, the amendment introduced an instrument of notifying the taxpayer about the planned inspection, as well as numerous other solutions reinforcing the position of the citizen against administration.

Act amending the Act on Foreign Exchange Law³ and the Civil Code – meets the expectations of entrepreneurs in the context of recent significant fluctuations of the zloty exchange rate. The Act abolished the currency matching principle in Poland by introducing the opportunity for businesses to settle accounts in convertible currencies other than the Polish zloty without the necessity to obtain prior authorisation of the NBP President. The amendment facilitates the settlement process, eliminates bureaucratic and expensive conversion of foreign currencies into zloty, and contributes to mitigating the exchange rate risk. The Act is also evidently of an anti-crisis nature.

Act amending the Code of Commercial Companies – eliminated the ban on transferring a civil partnership into a commercial partnership against the will of partners, and provided for lowering the level of obligatory share capital for a limited liability company, down by ten times - from PLN 50,000 to PLN 5,000, and for a joint stock company, down by five times - from PLN 500,000 to PLN 100,000. The Act also introduced numerous other solutions, beneficial for partners of commercial partnerships.

³ Foreign Exchange Law: In Polish: „Prawo dewizowe”

Act on Public-Private Partnership (PPP) – is one of the crucial acts in the package. The Act eliminates unnecessary administrative burden and reduces excessive limitations as to the subject and content of the contract. The acts provides a frame within which the parties can agree the details. For example, the solutions introduced do not impose the obligation to prepare analyses, leaving that decision to the parties concerned.

Second stage of the amendment of the Act on freedom of economic activity – at the initial stage (transitory period), the so-called “one-stop shop” is introduced where all formalities involved in setting up a business could be dealt with. The target solution is the so-called “zero-stop shop” (starting on 1 July 2011), i.e. full services are provided electronically and visiting any office is not required any more. To that end, an IT platform will be created: the Central Business Activity Register and Information System (CEIDG). Moreover, the duration of inspection of entrepreneurs was radically shortened and its rules radically simplified. At the same time, in addition to the Act on freedom of economic activity, several dozen other acts were amended, so as to make the economic law more entrepreneur-friendly.

Act on packed products – is an example of removing the “gold plating” type of regulations. It streamlines the rules on packaging, and eliminates unnecessary requirements in this regard. The Act defines in more detail the necessary obligations (and eliminates the unnecessary ones) of entrepreneurs involved in packaging and placing packed products on the market;

Act on graduate traineeship – a second act, next to the public-private partnership act, based on an innovative approach to legal drafting. The Act is a simple, framework one. It establishes a coherent legal framework for accepting graduates for traineeship and it facilitates the formalities involved in the process. It also eliminates administrative and bureaucratic requirements for traineeship in Poland, including, in fact, the labour law provisions.

Described changes were the most significant to the acts regulating business activity in Poland that have come into force following the Package for Entrepreneurship initiative so far. However, the most important and comprehensive act from the point of view of reducing administrative burdens is still under development, being now on an advanced stage of the legislative process.

The Act on the reduction of administrative barriers for citizens and entrepreneurs was prepared in the process of thorough screening of the business-related law in search of obsolete or unnecessary regulations. In total, 205 acts of law were examined. The project of the act contains almost 250 changes to 85 acts.

It provides the greatest number of amendments among all the acts from the Package for entrepreneurship. It is of a derogatory nature, and aims at reducing excessive regulations and restrictions. It will increase the freedom of economy and it will simplify the law. Barriers to establishing and conducting business activity, such as authorisations and licences, will be removed. The Act will implement the rule of building State's confidence in the citizen, including the entrepreneur. In any situation where an obligation to submit certificates is not imposed by security reasons or by international law, it will be enough for a citizen to state that a certain legal or actual obligation has been met. The Act will also improve access to regulated professions, including professions of public trust.

The effect of the changes introduced by the Act will help to:

- Cut the red tape;
- Reduce the cost of operations,
- Reduce the number of permits, licenses and authorizations,
- Reduce the reporting
- Introduce statements in lieu of the obligation to provide certificates,
- Depenalise the law
- Simplify establishment of a company,
- Facilitate access to the "free lancer" professions,
- Remove the most irritating regulations,
- Improve legislation having the most impact on the SMEs,
- Improve arbitration proceedings, and so on.

Expecting future administrative burdens reduction the Ministry of Economy has already analysed the remaining areas of economic law in the base-line measurement. The analysis of 482 legal acts (statutes, regulations, directives) revealed 6187 information obligations. In June 2010 there was completed the baseline measurement process concerning these obligations. The next step will be a government decision concerning the size and the deadline for the reduction basing on the obtained data. And the possibilities are enormous. According to the

results of this measurement, the sum of all administrative costs⁴ incurred by the businesses in Poland account for almost 20 bln euro, which translates to 6,1% GDP. The administrative burdens (which are the administrative costs linked to information that businesses would not collect and provide in the absence of a legal obligation) make a half of this sum, accounting for 2,9% of Polish GDP⁵. Without a doubt then, the game is worth the candle. Especially considering that the activities in the area of reducing administrative burdens and simplification of existing regulations proved to be worthwhile contributing to 1,8% growth of GDP in Poland in 2009 and expected 3,2% increase of GDP in 2010.

Even though the changes are considerable, the Ministry of Economy is aware of the remaining works and constantly looks for new solutions. Recently the Ministry of Economy have signed an agreement with the World Bank and the OECD on creating reports on the possibilities of reducing administrative burdens and increasing the Doing Business indexes for Polish economy. Those analysis should deliver a much needed “look from outside”, providing guidance to adjust the actions to maximise the effects of the reform.

The simplification and reduction works carried out within the Polish Government are the one side of the coin. Much effort is devoted to prevent creating new administrative burdens by strengthening the system of impact assessments and improving the system of social consultations. The latest efforts are concentrated on changing the legislative system into “evidence based” policy. Weighting the cost against the benefits at the earliest stage possible is a way of avoiding creating detrimental regulations.

The reduction of administrative burdens and the simplification of the law in Poland are tightly bound to the European initiatives. The exchange of the best practices among the member states and economic institutions plays a very important role in stimulating economic growth, which is very important now during the economic slowdown and increasing competition in the world. Poland actively participates in all kinds of similar events and groups willing to share experiences and learn from the

⁴ Administrative costs – (in Polish: Koszty administracyjne) Expenses linked to legal obligations to provide information either to public or private parties. The costs of performing the information obligations required by law, for example bookkeeping, preparing reports, obtaining permits, licenses, concessions, attestations, certificates and so on.

⁵ Administrative burdens – (in Polish: Obciążenia administracyjne) – part of administrative costs. These are the costs linked to those information obligations, which without the legal obligation the businesses wouldn't want to incur. For example profits and loss account is an administrative cost but is not an administrative burden because most of the businesses perceive this obligation as useful and would do it regardless the legislative constraints.

more advanced countries because the strength of the EU depends on the strength of each of their member states. Continuously strong political support, expertise assistance and fresh new ideas will help reshaping the European economy to a leading ground for setting up businesses and strengthen its position in the world economy.