

**Council Recommendation  
on access to social protection  
for workers  
and the self-employed  
(2019/C 387/01)**

---

Report of Poland  
2021

## Table of contents

1.	Introduction.....	4
2.	Labour market and employment.....	4
2.1.	Unemployment benefit.....	5
2.2.	Impact of COVID-19 on the labour market.....	6
3.	Social insurance system.....	8
3.1.	Social insurance of civil-law contractors.....	10
3.1.1.	Persons with contract for specific work/agency contract.....	10
3.1.2.	Persons with activation contracts for nannies.....	11
3.1.3.	Persons with contract of mandate.....	11
3.1.4.	Summary.....	12
3.2.	Social insurance of persons pursuing a non-agricultural activity.....	14
3.2.1.	Persons pursuing a business activity.....	14
3.2.2.	Persons pursuing a liberal profession.....	15
3.2.3.	Summary.....	15
3.3.4.	Person cooperating with a person pursuing a business activity or the contractor.....	16
4.	Social insurance scheme for farmers.....	16
4.1.	Self-employment in agriculture and household members.....	17
4.2.	Farmer's assistant.....	18
5.	Paid graduate traineeship.....	19
6.	Social protection in the COVID-19 era.....	20
6.1.	Support in the area of social insurances.....	21
6.1.1.	Exemption from payment of social insurance contributions for the payers.....	21
6.1.2.	Downtime benefit for the contractors with contracts for specific work, agency contracts and contracts of mandate.....	22
6.1.3.	Downtime benefits for persons pursuing a business activity.....	23
6.1.4.	Relief in payment of contributions without the extension charges – deferral of payment date or payment of contributions due in instalments.....	24
6.1.5.	Withdrawal from interest for delay for the amounts due for the period since January 2020	24
6.1.6.	Suspension of debt collection activities for amounts due between February and April 2020	
6.1.7.	Additional care allowance.....	24
6.1.8.	Solidarity allowance.....	25
6.2.	Support in the area of labour market.....	25

6.2.1. Job protection benefits .....	26
6.2.2. Funding of a part of workers' wage costs and social insurance contributions due from these wages in micro-entrepreneurs, small and medium entrepreneurs, in the case of decreased turnover .....	26
6.2.3 Funding of a part of costs of business activity of the entrepreneurs being the natural persons without workers in the case of decreased turnover .....	27
6.2.4 Low-interest loan for micro-entrepreneurs to cover running costs of business activity.....	27
6.2.5. Funding of a part of workers' wage costs and social insurance contributions due from these wages of various entities in the case of decreased turnover or revenue .....	27
6.2.6. Subsidy to cover running costs of business activity of a micro-entrepreneur and small entrepreneur in specific sectors .....	30
6.2.7. Subsidy for school shops .....	30

## 1. Introduction

---

Social protection systems in their different forms are the cornerstone of the European social model and of a well-functioning social market economy. The key function of social protection is to protect people against the financial implications of various social risks, such as illness, old age, accidents at work and job loss, to prevent and alleviate poverty and to uphold a decent standard of living. Well-designed social protection systems can also facilitate participation in the labour market by contributing to activation and supporting the return to work and labour-market transition for individuals who switch jobs, move in or out of work, start a company or close one down. They contribute to competitiveness and sustainable growth as they support investment in human capital and can help to reallocate human resources towards emerging and dynamic sectors of the economy. Each initiative that aims to improve the situation of the workers, in particular non-standard workers deserves consideration. The focus should be on the amount and adequacy of the future old age benefits, which depends primarily on the length of insurance period and level of paid contributions. This is why the most extensive coverage of the labour market participants with social insurance is of importance.

The Council Recommendation of 8 November 2019 on access to social protection for workers and the self-employed is another important initiative that aims to increase social protection of the workers and the self-employed. It supports the self-employed and non-standard workers, who, due to the type of employment relationship or status in the labour market, are insufficiently protected by the social protection systems due to unemployment, sickness, maternity or paternity, accident at work and occupational disease, invalidity and old age. The initiative aims in particular at encouraging the member states to:

- ✓ enable all workers and the self-employed to join the adequate social protection systems (bridging the gap of formal coverage);
- ✓ take the actions for all workers and the self-employed to enable them accumulation and taking-up of adequate entitlements as the scheme members (adequate effective coverage) and facilitate transferability of entitlements between the schemes;
- ✓ increase transparency of the social protection systems and related rights.

All actions taken at the national level must strike a balance between ensuring access to the social protection systems and developing or maintaining such conditions that would not prevent the employers and workers from using different types of employment relationships, starting a business or switching between different types of work. They must also take the existing objective differences between the individual forms of activity.

One should emphasize that the Polish social protection system (including social insurance system) essentially implements the provisions laid down in the Recommendation.

## 2. Labour market and employment

---

The unemployment benefit scheme was introduced in 1989, however it has been subject to continuous changes from the very beginning. These changes aim at narrowing the group of entities entitled to benefits, changing the nature of benefits, their amount and payment period. The Polish scheme

provides for no unemployment insurance. It engages various services and tools for employment promotion, mitigating the unemployment effects and professional activation – e.g. benefits or subsidies for the unemployed, job search assistance and job matching or special programmes, referred to, among others, in the Act of 20 April 2004 on promotion of employment and on labour market institutions. The issues associated with widely understood labour market and employment are governed by the Minister of Labour.

The unemployment benefits are paid from the Labour Fund, which is the basic special-purpose asset fed primarily from the mandatory contribution paid by the employers<sup>1</sup>, as well as a special-purpose budgetary grant for payment of specific benefits and a supplementary grant from the state budget intended for funding mandatory benefits and other expenditure. The Labour Fund finances also active labour market policies.

### 2.1. Unemployment benefit

The unemployment benefit is one of the core benefits for the unemployed. The eligibility conditions include primarily no job offers (on the basis of employment contract, civil-law agreements, intervention works, public works and other) from the employment body, followed by previous employment, social insurance coverage, performance of other works or services or pursuing a business – which is associated with the obligation to pay contributions for the Labour Fund<sup>2</sup>. The essence is to work and pay contributions for the Labour Fund. This obligation depends on the amount of wage – the unemployed must have an income or social insurance contribution basis not lower than the minimum wage.

In the case of unemployment benefits, the payment of benefit in the insurance system depends on payment of an appropriate contribution and continuous social insurance coverage. Thus, if the work is performed on the basis of a contract or act under the civil law that constitutes not basis for social insurance coverage, and therefore the Labour Fund contribution, the person who lost such job cannot apply for benefit. This applies in particular to the persons working under the contract of mandate, which gives no basis for social insurance coverage, including the Labour Fund contribution.

The Labour Fund contribution is paid by the employer. In the case of employees, for whom the employers are not obliged to pay these contributions (mostly the employees returning from maternity leave, additional maternity leave or child care leave, for whom the employers are relieved from the obligation to pay the Labour Fund contributions), no obligation to pay contributions does not affect the right to benefit. After losing a job, they will be entitled to unemployment benefit.

The unemployment benefit is also available (in effect of amending the Act in 2014) to former caregivers, who worked under the “activation” contracts for nannies, after registering in the

---

<sup>1</sup> Pursuant to the 2021 budgetary act announced in the Journal of Laws on 29 January 2021, the Labour Fund contribution amounts to 1.0% of the pension contribution basis.

<sup>2</sup> The Labour Fund contributions are paid among others by the employers and other organisational units – for the persons who work under the employment or service relationship, tolling agreement, contract for specific work or equivalent, or cooperate with the contractors of such contracts, work during periods of custody or temporary imprisonment, receive sport scholarships, or pursue a non-agricultural business activity.

employment offices as unemployed. Due to unique nature of the apprenticeships, the graduates completing them shall have no right to the unemployment benefit<sup>3</sup>.

The rights to this benefit will cover no farmer's assistance (working under the harvest assistance contracts), who are covered only by the social insurance system for farmers, in which the Labour Fund contributions are not paid<sup>4</sup>.

Since 1 September 2020, the amount of unemployment benefit increased from PLN 880.30 to PLN 1200 during the first three months of payment, while the amount of benefit after this period increased from PLN 692.00 to PLN 942.30<sup>5</sup>.

## 2.2. Impact of COVID-19 on the labour market

The outbreak of COVID-19 pandemic, its rapid spreading and related restrictions in business activity disturbed the trends that have been continuously observed on the labour market. A record low registered unemployment rate, recorded in Poland by the end of 2019, started to increase with the outbreak of pandemic, however not as rapidly as projected after the announcement of the first lockdown. In 2020, after the years of gradual improvement, the situation in the labour market related to COVID-19 pandemic was determined by a decrease in economic activity. Starting from the 2Q 2020, deterioration in the labour market has been observed. After six years on increasing average employment rate in the enterprise sector, in 2020 a decline by 1.1% comparing to the last year was recorded. This decrease was observed in vast majority of sections – including in administration and support service (by 5.4%), mining and extraction (by 3.6%), industrial processing (by 2.1%) and accommodation and catering (by 1.9%).

According to raw data, in 2020 the number of workers in the national economy was 15.8 million, which means a drop by 1.8% (in 2019 it was 16.1 million). In 2019, the increase in the employment rate in the national economy has been still observed (by 1.0%).

The latest data demonstrate that the situation in the Polish labour market has been improving for a few months, which is associated with the expiration of the last pandemic wave and abolition of economic restrictions, followed by a growing number of job offers. In June 2021, the average employment in the enterprise sector was at the level of 6 359.3 thousand and increased by 2.8% y/y i.e. comparing to June 2020. There is still a gap between the existing unemployment level and the pre-pandemic level of February 2020 (87 thousand of full-time jobs is missing).

The increasing number of the employed is accompanied by a falling number of the unemployed registered in the employment offices and the registered unemployment rate. Although at the end of 2020 the number of the unemployed was 1 046.4 thousand and increased by 20.8% per annum, it should be noticed that during the last crisis the highest increase in the unemployment rate was recorded in 2009 and amounted to 28.4%. The registered unemployment rate at the end of 2020 was 6.2% which means an annual increase by 1 percentage point. Noticeable symptoms of improvement have been observed throughout 2021 to date. The number of the registered unemployed has been decreasing continuously since March. In June this year, the employment offices had less than 1 million

---

<sup>3</sup> More information on this specific, non-employee and non-profit nature of contract is provided in Chapter 5.5. *Paid graduate traineeship*.

<sup>4</sup> A separate social insurance system for farmers is described in Chapter 4. *Social insurance coverage for farmers*.

<sup>5</sup> Under the Act of 5 June 2020 on solidarity allowance.

of the unemployed registered for the first time in several months. According to raw data, there were 976 thousand unemployed as of the end of this July. Thus, comparing with data from the end of February 2020, i.e. before the outbreak of the pandemic, the unemployment level as of the end of July this year was higher only by 56 thousand, while the unemployment rate was higher by 0.3 percentage point (according to the initial estimates, it accounted for 5.8% as of the end of July this year compared with 5.5% as of the end of February 2020).

In this context, it is worth to notice the trends in the number of persons entitled to unemployment benefit. In spring 2020, the registers of the unemployed recorded an increased inflow of persons entitled to benefit. In April and May 2020, the right to benefit was acquired by more than 30% of the registering unemployed, while among the persons registered by the end of May 2020 the right to benefit was granted to nearly 181 thousand of the unemployed. They accounted for approx. 18% of the total unemployed.

In the following months, the share of persons entitled to benefit decreased continuously to 16% as of the end of 2020. At the end of June this year, the registers of unemployment offices listed 137.1 thousand of unemployed entitled to benefit (decrease by 3% m/m, decrease by 25.9% y/y), who accounted for 13.8% of the total number of the unemployed.

The harmonised unemployment rate calculated in line with the Eurostat methodology and allowing comparison between the unemployment levels in different EU Member States accounted for – according to the latest Eurostat data – 3.6% in June, which means an increase by 0.3 percentage point y/y. Poland was ranked third in terms of the lowest unemployment rate in the EU (ex aequo with Malta) just behind the Czech Republic and the Netherlands with 2.8% and 3.2%, respectively. The rate in Poland was nearly twice as low as the rate in the EU (7.1% ).

In 2020, the average gross monthly wage in the enterprise sector was PLN 5410.00 and was higher by approx. 5% than a year ago (compared to the 6.5% increase in 2019). In real terms, increase in the average wage in the enterprise sector accounted for 1.3% and was noticeably lower than in 2019 (4.2%). According to preliminary data by Statistics Poland, in 2020 the average gross monthly wage in the national economy in Poland was PLN 5167.47. When comparing with 2019, it increased by 5.0%, which is less than in 2019 – in that year the average gross monthly wage increased by 7.2% compared with 2018.

In June 2021, the average gross monthly wage in the enterprise sector was PLN 5802.42 and was by 9.8% higher than a year earlier (compared to the 10.1% increase in May this year and the 3.6% increase in June of the previous year). The wages were above the last-year level in all sections of the enterprise sector.

It seems that the most affected group in the Polish labour market in the pandemic period was the youth (youth employment rate between 2019 and 2020 decreased by 3.3 p.p. to 28.4%). Young people were more exposed to dismissals due to poor experience, more frequent civil-law contracts, which are usually of temporary nature. In 2020, a decrease in the number of persons employed under the civil-law contracts was observed. This number declined by 58 thousand i.e. by 14.5% to 342 thousand (share of people employed under the civil-law contract in 2020 among the employed was 2.62%). This could result from the COVID-19 pandemic, i.e. more frequent termination of such contracts comparing to the other types of employment relationships by the employers facing difficulties with pursuing a business activity. On the other hand, the number of the employed under the civil-law contracts

decreases continuously on a year-by-year basis. In 2019, a similar decrease in the number of the employed under the civil-law contracts as in 2020 was observed i.e. by 56 thousand (12.3%); the share of the employed under the civil-law contracts in 2019 in the total number of the employed accounted for 3.04%.

A relatively high resistance of the Polish labour market to the COVID-19 crisis owes to many factors, including favourable starting position of the Polish economy before the outbreak of the pandemic i.e. stable economic growth, favourable tax situation (i.e. condition of public finance), good situation in the labour market and large savings of enterprises. A pivotal role was played also by the structure of Polish economy, in which the share of services is lower compared with the other states, and by significant differentiation of industry (absence of industrial specialisation in general). Lower importance of tourism in Poland, which was severely affected by the pandemic crisis, was also of importance.

Difficulties in recruiting candidates faced by the employers before the pandemic also contributed to the resistance of the Polish labour market. These difficulties translated into more careful employment decisions. A relatively good situation in the labour market results also from the implemented protective measures (shields) that prevented massive redundancies and therefore unemployment increase.

### 3. Social insurance system

---

The social insurance system implemented in Poland encourages the citizens to take care of adequate coverage in the case of any fortuitous event and protects against excessive burden with social service benefits. The principles of coverage with specific type of social insurance are laid down in the mandatory regulations that create a specific social insurance relationship by virtue of law and according to legal status as of the date when the insurance obligation arises. Each employed person (e.g. performing any professional activity entitling to insurance) in the territory of Poland is subject to mandatory old age and pension insurance. The Polish social insurance system – apart from the old age and pension insurance – includes also: sickness and accident insurances.

The obligation of insurance against specific social risks and guaranteed benefits in the case of occurrence of specific risk are laid down in many legal acts, including the superior one – Constitution of the Republic of Poland. Detailed regulations on the specific areas of social insurance coverage are laid down in separate acts, including primarily:

- ✓ Act of 13 October 1998 on the social insurance system,
- ✓ Act of 17 December 1998 on pensions from the Social Insurance Fund,
- ✓ Act of 25 June 1999 on social insurance cash benefits in respect of sickness or maternity,
- ✓ Act of 30 October 2002 on social insurance in respect of accidents at work and occupational diseases.

The social insurance system act lays down the rules of social insurance coverage by the persons having different entitlements and includes the postulate of universality of social insurances resulting from the increase in the number of entitlements. These arise in effect of development of the new forms of gainful activity that require insurance in respect of various risks. The social insurance entitlements



include also these not requiring an income, which act as a tool of the state social policy in the area of demography, education, labour market (in such cases the contributions are paid by the state budget).

The old age insurance is mandatory for vast majority of groups covered with social insurance, including among others: workers, members of farming cooperatives, contractors, persons pursuing a non-agricultural business activity, recipients of the unemployment benefit or persons at child care leaves or recipients of the maternity allowance or an allowance in the amount of maternity allowance. The old age insurance contribution amounts to 19.52% and is paid equally by the employer and the insured (i.e. in the amount of 9.76%). Voluntary old-age insurance is addressed to such specific groups as: persons pursuing a non-agricultural business activity in the period of no mandatory social insurance coverage related to suspension of business activity; any person not qualifying for mandatory coverage; the insured in the situation of so-called concurrence of social insurance entitlements (i.e. when it qualifies for social insurance coverage under several entitlements and one of them is mandatory and the remaining ones are voluntary). Voluntary old-age insurance and disability and survivors' pension insurance (so-called pension insurances) are always combined.

The pension insurance – similarly to old-age insurance – also applies to the vast majority of groups covered with mandatory insurance. The pension insurance contribution accounts for 8.00% and is paid both by the employer (6.5%) and employee (1.5%). Voluntary pension insurances are governed by the same rules as voluntary old-age insurances.

The annual basis of old-age and pension insurance contribution in a given calendar year cannot exceed the amount equivalent to 30 times the projected average monthly wage in the national economy for a given calendar year, laid down in the budgetary act. In 2020, the amount of annual upper limit amounted to PLN 156 810, while in 2021 – PLN 157 770. Above this threshold the contributions are neither calculated nor paid. The period in which the contributions are not paid due to exceeding 30 times the projected average monthly wage is included into the insurance period also when a person is no longer covered with old-age and pension insurance during the calendar year.

The sickness insurance applies to the persons covered with mandatory old-age and pension insurances, who are: workers (excluding public prosecutors), members of farming cooperatives, persons in substitute military service. The sickness insurance contribution accounts for 2.45% and is paid only by the worker. Voluntary sickness insurance (on request) is available to the persons covered with mandatory old-age and pension insurance scheme, including among others: persons pursuing a non-agricultural business activity, working under the contract for specific work or an agency contract.

The basis for voluntary sickness insurance contributions cannot exceed 250% of the projected average monthly wage adopted for determination of the annual basis of old-age and pension insurance contributions. Between 1 January 2020 and 31 December 2020 it amounted to PLN 13 067.50. In 2021 this amount is PLN 13 147.50.

The accident insurance applies to these categories of persons, who are at the same time covered with mandatory or voluntary old-age and pension insurances. For such persons, accident insurance coverage is mandatory. There is no voluntary accident insurance in the Polish social insurance system. The accident insurance contribution is diversified – it ranges between 0.4% and 8.12%. The principles of differentiating the accident insurance rate are laid down in the applicable regulations.

The tasks in the area of social insurances are performed by the Social Insurance Institution (Polish: ZUS).

### 3.1. Social insurance of civil-law workers

In principle, widely understood civil-law contractors are covered with mandatory old age and pension insurance as well as accident insurance. The contractors with, among others, home based contracts, agency contracts, contracts for specific works or contracts for services, may obtain voluntary sickness insurance. Such voluntary sickness insurance applies only when the insured is covered with mandatory old-age and pension insurances. This type of professional activity – by virtue of social insurance regulations – is considered a non-employee relationship.

The basis of old-age and pension insurance contribution of the persons employed under contracts for specific works, agency contracts or other contracts for services, for which the payment is stated otherwise, is the declared amount which cannot be however lower than the amount of minimum wage<sup>6</sup>.

#### 3.1.1. Persons with contract for specific work/agency contract

The natural persons working in the territory of Poland under the agency contract or contract for specific work or any other contract for services, to which the provisions for specific work (hereinafter referred to as the contract for specific work) apply pursuant to the Civil Code and the cooperating persons are subject to mandatory old-age and pension insurance coverage. Each contract, regardless of its term, imposes the obligation of old-age and pension insurance. The contract for specific work is also subject to mandatory accident insurance coverage, while the sickness insurance is voluntary. Social insurance coverage under the contract for specific work does not apply to students of lower secondary schools, upper secondary schools, secondary schools or high schools – until 26 years of age.

When the contractor, for whom the basis of old-age and pension insurance contributions is lower than the minimum wage, qualifies for mandatory old-age and pension insurances under the other entitlements, it is subject to such mandatory coverage as a contractor and under the subsequent entitlement(s). This principle does not apply when the total contribution basis under the contract for specific work or under the other contracts reaches the amount of minimum wage. This means that in such case the person who works under the contract for specific work and additionally entered into subsequent contract for specific work (or cooperates with the contractor, performs an additional home based contract, or cooperates with the person pursuing a business activity) is subject to mandatory old-age and pension insurances only under the first contract for specific work. Each subsequent additional entitlement is not subject to mandatory old-age and pension insurance (so-called concurrence of social insurance entitlements). Each person in such case may also join the old-age and pension insurance scheme on a voluntary basis for all or selected entitlements on its request.

There is no doubt that the so-called concurrence of social insurance entitlements is a component of a flexible labour market in Poland. It is quite an important phenomenon applying to a relatively numerous group of workers. The most frequent cases include combining the employment contract with the contract of mandate or the employment contract with non-agricultural business activity (nearly 87% of all concurrences of entitlements). The remaining forms include combination of at least

---

<sup>6</sup> Minimum wage in 2020 was PLN 2600, while in 2021 – PLN 2800.

two different contracts for specific work and non-agricultural business activity with a contract for specific work. At present, the works on liquidation of the so-called concurrences of social insurance entitlements in Poland are under way. They aim at introduction of full contributions from all additional entitlements. Such a solution would ensure both higher short-term benefits (sickness benefits) and long-term benefits (old-age and disability pensions) to the workers, followed by wider coverage, without interfering with the flexibility of employment, which is of relevance for the employer. In particular, the unification of mandatory social insurance regulations is associated with greater coverage, which translates into better protection in the case of risks covered by social protection and the principle of social justice. Thus, the purpose of prepared amendments is to reorganise the social insurance system, including primarily the extension of the mandatory old-age and pension insurance cover.

#### 3.1.2. Persons with activation contracts for nannies

The mandatory old-age and pension insurance cover the services performed under the contract, to which – pursuant to the Civil Code – the provisions on specific work apply, hereinafter referred to as the activation contract. This contract is concluded by natural persons to perform care of children older than 20 weeks of age. The parties to the contract are the parents or a single parent and the nanny. In the written contract, the parties specify their entities, purpose and object of the contract, time and place of care, number of children taken care of, obligations of the nanny, wage, method and term of payment, duration of the contract and terms and conditions of amendment and termination of the contract.

In contrast to the contract for specific work, the activation contract imposes the obligation of mandatory old-age and pension insurance on the persons being students of lower secondary schools, upper secondary schools, secondary schools or high schools – until 26 years of age.

Contributions for mandatory old-age and pension insurances for a nanny are paid by the Social Insurance Institution – from the basis constituting the amount not exceeding the minimum wage – and by the parent (payer of contribution) – from the basis constituting the surplus over the minimum wage. The Social Insurance Institution pays contributions, provided that the following conditions are jointly met: the nanny was registered by the parent for the purpose of social and health insurances; the parents or the single parent are employed, provide the services under the civil-law contract entitling to social insurances, run a non-agricultural business activity or agricultural activity; the child is not placed in a crèche or childcare centre and is not under care of a daily child caregiver.

#### 3.1.3. Persons with contract of mandate

The contract of mandate does not entitle to mandatory social insurance coverage. The person working solely under the contract of mandate is not covered by mandatory old-age and pension insurances, however may, on request, join the old-age and pension insurance scheme on a voluntary basis, without the right of voluntary sickness or accident insurance.

In principle, the persons concluding the contract of mandate are not subject to mandatory health insurance. This obligation applies to natural persons qualifying for social insurance coverage or social insurance for farmers and work under the agency contract or a contract for specific work or any other contract for services, to which the provisions of the Civil Code on the specific work apply, or to the cooperating persons.

Mandatory social insurances cover the person, who entered into the contract of mandate with their employer or performs it for this employer. In such case, this person is – on the basis of insurance provisions – a “worker” and is subject to all mandatory insurances: old-age, pension, sickness and accident. Recognition of such a person as a “worker” results from the fact that, while being a worker bound by an employment relationship with the contractor, they provide work for this employer under a civil-law contract (contract of mandate) at the same time, even if such a contract is concluded with a person other than the employer. This solution aimed at eliminating the abuse of civil-law contracts concluded by employers with their own workers to perform the same tasks as under the employment contract to avoid the contributions under the Polish social insurance system.

As of 1 January 2021, an obligation was introduced to submit information on each contract of mandate not entitling to mandatory social insurances to the Social Insurance Institution ZUS RUD form – *Submission of a contract of mandate*). This obligation was implemented by the amended special act on COVID-19, which entered into force on 31 March 2020.<sup>7</sup> Information on the concluded contracts of mandate is submitted primarily for statistical purposes and to increase the opportunity of providing effective support to the contractors in future, e.g. under the crisis shield.

The purpose of submitting information on the contracts of mandate is also registering the contributions paid to the Social Insurance Institution by the payers or natural persons, who entered into the contracts of mandate without an employment relationship, or natural persons performing no work for the employers with whom they are in an employment relationship under such a contract of mandate. Keeping a register of such contracts will enable the pension authority to verify the obligation of paying social insurance contributions by the persons performing contracts of mandate, which are e.g. standard contracts for specific work imposing the mandatory insurances.

As of 31 May 2021, the number of contractors working under the contracts of mandate, for whom the ZUS RUD forms were submitted, amounted to 165.9 thousand. 138.7 thousand of them (i.e. nearly 84%) have been ever submitted to social or health insurance scheme. 55% of the total number of contractors with the contract of mandate were also entitled to old-age and pension insurance coverage (91.4 thousand).

#### 3.1.4. Summary

Persons with the non-employee relationship under the agency contract, contract for specific work or any other contract for services, to which the provisions of the Civil Code on specific work apply, are in principle covered by mandatory old-age and pension insurance and accident insurance. The term of any of these contracts does not matter. These persons may also join the sickness insurance scheme on a voluntary basis, and in the event of illness and maternity obtain the right to benefits in cash available under this insurance scheme (e.g. sickness benefit, rehabilitation benefit, maternity allowance or care allowance). Voluntary nature of sickness benefit does not mean that the persons with civil-law contracts have insufficient or unequal access to these benefits in contrary to the workers with mandatory insurance coverage. These persons may obtain the right to individual benefits on the same principles as the workers, in the amount adequate to their income, guaranteeing at least the minimum

---

<sup>7</sup> Act of 31 March 2020 amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (so-called Shield 1.0).

subsistence. There is no doubt that these persons have both formal and effective coverage of social protection ensured.

According to statistical data as of 31 March 2021, 1 144.0 thousand<sup>8</sup> of persons working under the contract for specific work, or agency contract, or any other contract for services, to which the provisions of the Civil Code on specific work apply, including the cooperating persons, were submitted for mandatory old-age and pension insurances. 447.5 thousand of them were covered by sickness insurance, which accounted for 39% of all persons covered with mandatory old-age and pension insurance. Sickness benefit was received by: 44.1 thousand (sickness benefit), 3.3 thousand (care allowance) and 3.4 thousand (maternity/paternity allowance). These data confirm that the persons working under the contract for specific work or agency contract or any other contract for services, to which the provisions of the Civil Code on specific work apply, are covered by social protection and have access to e.g. sickness, maternity/paternity and care benefits.

It needs to be emphasized that the persons with contract for specific works or agency contract or any other contract for services, to which the provisions of the Civil Code on specific work apply, are frequently covered with the so-called concurrence of social insurance entitlements, i.e. qualify for social insurances from several entitlements at the same time (persons with two or more civil-law contracts<sup>9</sup>). This means that the persons with concurrence of several social insurance entitlements are subject to mandatory old-age and pension insurance under the entitlement that was the earliest (from a single entitlement for social insurances). This principle is not applied, when the total basis of contributions under the contract for specific work or cooperation in performing thereof or under the other contracts reaches the minimum wage. Such persons may also join the old-age and pension insurance scheme on a voluntary basis from the remaining – all or selected – additional entitlements on their request.

Poland initiated works on the reform (under the National Recovery Plan) on extending the principles of mandatory social insurances by elimination of the so-called concurrences of social insurance entitlements from several civil-law contracts. This amendment will mean that regardless of the number of insurance entitlements, the person with several civil-law contracts will be always covered by mandatory old-age, pension and accident insurances from each concluded contract. In a multi-annual perspective, this will bring a measurable effect for the persons with such contracts in the form of higher long-term benefits (e.g. pensions) and short-term benefits (e.g. care allowance).

Working solely under the contract of mandate, which does not require mandatory social insurances, remains a separate issue. The contract of mandate is frequently entered into due to no obligation to pay social insurance contributions, which may result in inability to consider it a legal relationship. The existing legal solutions enable verification of the object and purpose of the contract by the Social Insurance Institution (i.e. whether it fulfils the criteria of a contract of mandate). Recent activities taken to verify the contracts of mandate more effectively, resulting from their obligatory registration to the Social Insurance Institution – starting from 1 January 2021 – demonstrate the efforts of Poland to ensure better insurance coverage to such persons.

---

<sup>8</sup> The insured registered only once – regardless of the number of codes of entitlements for insurance. Contributions for this person are calculated on the basis of the lowest insurance code.

<sup>9</sup> As of 31 March 2021, there were 150.3 thousand such individuals.

## 3.2. Social insurance of persons pursuing a non-agricultural activity as the self-employed

The term of a person pursuing a non-agricultural business activity is formulated for the purposes of the Polish insurance regulations and applies to the persons who perform various activities as the self-employed. The persons pursuing a non-agricultural business activity may include among others a person pursuing a business activity or a liberal profession.

Persons pursuing a non-agricultural business activity – such as the contractors – are subject to mandatory old-age, pension and accident insurance. Sickness insurance is voluntary.

### 3.2.1. Persons pursuing a business activity

Persons pursuing a business activity, regardless of its type, are covered by the following mandatory insurances: old-age, pension and accident insurances. Sickness insurance is available on a voluntary basis. The period of affiliation in the mandatory social insurance scheme runs from the date of commencement of activity, however in any case not earlier than from the day of applying for entry to the date of discontinuation of business activity, excluding any period for which the business activity was suspended.

The basic old-age and pension contribution rate for the persons pursuing a business activity is a declared amount, not lower than 60% of the projected average monthly remuneration, adopted for determination of the amount capping the annual contribution basis. In 2020, this was PLN 3136.20. In 2020, the lowest basic social insurance contribution (including voluntary sickness insurance) with health insurance and Labour Fund was PLN 1431.48, while in 2021 PLN 3155.40 and PLN 1457.49, respectively.

A person starting a business activity is entitled to declare a lower contribution basis for 2 years, provided that they pursued no business activity for the last 5 years and do not work for the employer. The contribution basis is at least 30% of minimum wage. In 2020, this amount was PLN 780, while the lowest social insurance contribution (including voluntary sickness insurance) with health insurance and Labour Fund was PLN 609.14. In 2021, these amounts are PLN 840 and PLN 647.59, respectively.

Persons starting a business activity for the first time or again after a period of at least 60 months from the date of its final suspension or discontinuation may benefit from the so-called relief for start. This relief exempts from the mandatory social insurances for 6 months from the date of starting the business activity. The entrepreneur may withdraw from the right by joining the social insurance scheme. The person who decides to benefit from the relief pays only the health insurance contribution.

Persons pursuing a small-scale business activity may declare lower contribution basis (the so-called small business activity), providing that their annual revenue for the previous year did not exceed the predetermined threshold<sup>10</sup>. The contribution basis for this group is determined by multiplying the average monthly income from business activity obtained in the previous year by the factor of 0.5<sup>11</sup>. The contribution basis calculated this way cannot be however lower than 30% of the minimum wage

---

<sup>10</sup> In 2020, the income limit for business activity in the previous calendar year, provided that the business activity was pursued continuously throughout the year, was PLN 120 000.

<sup>11</sup> The 2020 factor applied for determination of the lowest contribution basis was 0.4825.

and higher than 60% of the average wage in a given year. The so-called small business activity applies for 3 years in 5 subsequent years of business activity.

The obligation to pay social insurance contributions ceases from the day on which the business activity is suspended and continues to the day preceding the date of resumption of business activity. This does not mean however that the entrepreneur is completely excluded from the social insurance scheme. Within the suspension period, a person pursuing a business activity may, on their request, join the voluntary old-age and pension insurance scheme. During this period, such persons are not covered by sickness and accident insurance. Voluntary old-age and pension insurance scheme can be joined at any time within the suspension period, provided that the coverage shall be effective not earlier than at the day of applying for insurance coverage.

### 3.2.2. Persons pursuing a liberal profession

A person pursuing a liberal profession is not bound in any way by an employment relationship. They are usually the self-employed. Such persons are subject to social insurances on the same principles as the persons pursuing a business activity – including mandatory old-age, pension and accident insurances and voluntary sickness insurance.

The contribution basis for the persons pursuing a liberal profession can be a declared amount, however in any case not lower than 60% of the projected average monthly wage, or not lower than 30% of the minimum remuneration within the first 24 calendar months from the date of starting a business activity.

### 3.2.3. Summary

Persons pursuing a non-agricultural business activity are covered by mandatory old-age, pension and accident insurances. They may also – at any time – join the voluntary sickness insurance scheme and in case of illness and maternity they can acquire the right to benefits due under this insurance (e.g. sickness benefit, rehabilitation benefit, maternity or care allowance). The voluntary nature of sickness insurance does not mean that the persons pursuing a non-agricultural business activity have insufficient or unequal access to these benefits in contrary to the workers, for whom these insurances are mandatory. They may acquire the right to individual benefits on the same principles as the workers, in the amount adequate to the revenue that ensures at least the minimum subsistence. There is no doubt that these persons have both formal and effective coverage of social protection ensured.

According to statistical data as of 31 March 2021, the mandatory old-age and pension insurance scheme covers 993.2 thousand of persons pursuing a non-agricultural business activity and cooperating persons. 800.7 thousand such persons were covered with sickness insurance, which accounted for 81% of all persons pursuing a non-agricultural business activity and cooperating persons subject to mandatory old-age and pension insurances. Sickness benefits were received by 117.3 thousand persons (sickness benefit), 17.7 thousand persons (care allowance) and 12.1 thousand persons (maternity/paternity allowance).

These data prove that the persons pursuing a non-agricultural business activity and cooperating persons are covered by social protection enabling them access to e.g. sickness, maternity/paternity and care benefits.

The essence of voluntary nature of sickness insurance – in the case of persons pursuing a non-agricultural business activity – is the predisposition of flexible development of own labour costs, which significantly affects competitiveness of enterprises and capacity to start new businesses. In long-time perspective, this translates into labour market situation. It seems that coverage of persons pursuing a business activity with mandatory sickness insurance will result in the increased labour costs, which may have a negative impact on dynamics of starting new businesses. In the opinion of Poland, introduction of mandatory sickness insurance will also increase the number of paid benefits, which will be funded by the Social Insurance Fund or the state budget and negatively affect the insurance scheme balance. Implementation of such changes in the era of the COVID-19 crisis may also have a negative impact on the condition of entrepreneurs forced to discontinue or limit their business activity. There can be no doubts that these persons may still struggle with liquidity issues. Imposing additional costs on them may result in decreased entrepreneurship in Poland. This would hinder starting or developing SMEs and disturb liquidity of the Polish enterprises.

#### 3.3.4. Person cooperating with a person pursuing a business activity or the contractor

The term of a cooperating person was developed for the purposes of social insurances to define a specific group of persons covered by mandatory social insurances. The cooperating persons, regardless of whether the cooperation involves a person pursuing a business activity or a contractor, are covered by mandatory social insurances in the same scope as the person, with whom they cooperate. Thus, the cooperating persons must pay the old-age, pension and accident insurance contributions, while sickness insurance is voluntary. The cooperating persons include: spouse, own children, children of the second spouse and adopted children, parents, stepmother and stepfather and the adopters, if they live with the person pursuing a business activity or a contractor in the same household; they cooperate in business or performance of civil-law contract.

The contribution basis for social insurances of a person cooperating with the person pursuing a business activity is the amount declared by this person, which cannot be however lower than 60% of the projected average monthly wage in a given calendar year. The cooperating person – in contrary to a person pursuing a business activity – is not entitled to preferential contribution basis (i.e. from 30% of minimum wage within the first 24 months).

The contribution basis for social insurances of a person cooperating with the contractor is the amount declared by this person, which however cannot be lower from minimum wage for work.

## 4. Social insurance for farmers

---

A separate social insurance scheme for farmers has been operating in Poland since 1977. The reason for a separate scheme is justified by the fact that apart from insurance purposes the scheme implements also the strategic tasks in the area of state agricultural policy and protects the internal food market.

The Agricultural Social Insurance Fund (Polish: KRUS) was established as a separate insurance institution implementing the tasks in the area of social insurances for farmers.



Throughout more than twenty years of operation of the social insurance scheme for farmers, Poland has taken regular activities of evolutionary nature. The superior purpose was to adjust the existing regulations to the changing social and economic conditions of the agricultural sector in the country. These included among others:

- ✓ enabling continuation of social insurance coverage for farmers for persons pursuing a small-scale non-agricultural business activity as the self-employed, thus contributing to the development of entrepreneurship. At present, these persons pay their old-age and pension contribution double and are obliged to document their revenues from such activity on an annual basis;
- ✓ differentiation of contributions for old-age and pension insurance depending on the size of farm; the basic monthly contribution increases when the agricultural area exceeds 50 conversion hectares. This means that the contribution depends on soil classification and therefore from a potential farm yield which directly affects the obtained farm income;
- ✓ implementation of the new benefits – training pensions and sickness benefits for the extended period of time;
- ✓ since 1 September 2013, implementation of the new provisions to the Act on social insurance for farmers enabling funding of old-age and pension contributions from the state budget for the persons taking personal care of a child;
- ✓ since 1 January 2015, implementation of the provision to the Act on social insurance for farmers enabling continuation of such insurance by farmers and household members who are at the same time covered by social insurance by the Social Insurance Institution (ZUS) under the agency contract, contract for specific work or any other contract for services, to which the provisions on specific work apply, or appointment to the supervisory board, provided that the revenue from these activities shall not exceed the amount equal to the half minimum wage in a monthly statement.

In the area of social insurances for farmers, the Minister of Agriculture and Rural Development cooperates with the Minister of Family and Social Policy.

#### 4.1. Self-employment in agriculture and household members

The Act on social security for farmers provides for two forms of insurance coverage:

- ✓ mandatory insurance by virtue of the act; it covers, on a mandatory basis, each farmer residing in the territory of the Republic of Poland, pursuing an agricultural activity personally and as a self-employed on the farm being their property of the area above 1 conversion hectare of arable lands or a special section of agricultural production, including within the group of agricultural producers, as well as a farmer's spouse or household member, continuously working in this farm, provided that this farmer, its spouse and family member are not covered by any other social insurance scheme, have no established right to old-age or invalidity pension or have no established right to social insurance benefits ;
- ✓ voluntary insurance (on request); it applies to the persons not qualifying for mandatory insurance, for whom the agricultural activity is a permanent source of income, provided that they pursue an agricultural activity on the farm of the area equal to or lesser than 1 conversion hectare, their spouses and household members and the farmers allowed their farm lands for afforestation on the principles laid down in the separate regulations, provided that they are

not covered by any other social insurance scheme and have no established right to old-age or invalidity pension or to social benefits from the social insurance scheme.

The Act on social insurance for farmers provides for two types of insurance: — farmers' old-age and pension insurance as well as accident, sickness and maternity insurance.

The benefits from the — farmers' old-age and pension insurance scheme include among others: old-age or invalidity pension for farmers, family pension, funeral allowance or maternity allowance<sup>12</sup>. The accident, sickness and maternity insurance entitles to the following benefits: one-off compensation for permanent or long-term health impairment or death in effect of accident at agricultural work or agricultural occupational disease and sickness benefit.

The self-employed in agriculture and household members have guaranteed formal and effective coverage of adequate social protection. If, by virtue of the act, these persons are not covered by mandatory farmer insurances, they may join the voluntary social insurance scheme for farmers on request.

As of 31 March 2021, the social insurance scheme for farmers covered 1 167 072 persons, while in the 1Q 2021 sickness benefits for 5 189 711 days and 40 091 maternity allowances were paid to the insured farmers, farmer spouses and household members.

#### 4.2. Farmer's assistant

Pursuant to the provisions of the Act of social insurance for farmers and of the Act on publicly funded healthcare benefits amended by the Act of 13 April 2018 on amending the Act on social insurance for Farmers and certain other acts, effective since 18 May 2018, a farmer is obliged to register the assistants, with whom they concluded a harvest assistance contract, in the accident, sickness and maternity insurance scheme and in the health insurance scheme in the Agricultural Social Insurance Fund (KRUS) within 7 days from the date of concluding the harvest assistance contract however in any case not later than prior to the expiry of the contract term. The harvest assistance contract is a short-term contract addressing the specific nature of seasonal work in agriculture and formed in a way significantly different from the employment relationship. The introduction of this contract is an important step in reducing the black economy in agriculture. In this sector, working without any contract due to desire to reduce the employment costs is a common practice.

The farmer's assistance is subject to mandatory accident, sickness and maternity insurance coverage by virtue of the act to the extent limited to such benefits as one-off compensation for permanent or long-term health impairment or death as a result of an accident at agricultural work or agricultural occupational disease and sickness benefit. Due to the specific nature of seasonal work performed by the farmer's assistant, no old-age and pension insurance coverage is provided, which in consequence translates into no entitlements to maternity allowance.

The contribution of accident, sickness and maternity insurance for the farmer's assistant is due for the days in which the farmer's assistant was covered by insurance. When the coverage period does not exceed one month, contribution for a given month is calculated proportionally to the number of days

---

<sup>12</sup> In the social insurance scheme for farmers, the maternity allowance is paid to a person covered by old-age and pension insurances both by virtue of the act and on request.

with coverage in this month. The amount of a monthly contribution for accident, sickness and maternity insurance for the farmer's assistant is the same as for any other covered person. It is equal to full contribution for this insurance coverage, which is announced by the President of the the Agricultural Social Insurance Fund (KRUS).

Implementation of mandatory accident, sickness and maternity insurances for the persons working under the harvest assistance contract guarantees protection to the persons involved in this specific and seasonal work. This solution limited also the black economy in agriculture, where offering seasonal work without any contract was a common method to reduce the employment costs. It is relatively new (mandatory accident, sickness and maternity insurance for this type of work was introduced in 2018) however in Poland it is believed that it should be assessed as an important protection guarantee for the persons employed under this contract. It needs to be noted that the described types of insurances are not applied in the contracts for mandate, while the contracts for specific work involve only the accident insurance with voluntary sickness insurance.

In the opinion of Poland, the harvest assistance contract is an optimum form of employment, which on the one hand generates no high costs to the farmer and on the other hand guarantees protection which is adequate to the specific nature and type of work performed by the assistant. The potential old-age and pension coverage will undoubtedly contribute to higher labour costs, which may bring the opposite effect in the form of offering seasonal employment without a contract. The final outcome may be a renewed expansion of black economy in the agriculture sector and no access to insurance coverage for the farmer's assistants. As mentioned before, the aim behind the statutory implementation of such a contract was primarily reducing illegal employment in agriculture.

As of 31 March 2021, the mandatory accident, sickness and maternity insurances covered 5 230 farmer's assistants.

## 5. Paid graduate traineeship

---

The principles of graduate traineeships and concluding the respective contracts are governed by the Act of 17 July 2009 on the graduate traineeships. A natural or legal person or an organisational unit with no legal personality may employ a person who graduated from at least a lower secondary school or 8-year elementary school as a trainee and is below 30 years of age as of the day of starting the traineeship. The traineeship aims at gaining experience and practical skills by the graduates, which are necessary to perform a job. The purpose of a traineeship is to prepare for and practice a profession to take a standard, permanent job in future. The object of the contract is to learn and gain experience rather than payment for work.

The traineeship is performed under a written graduate traineeship contract entered into by and between the trainee and the traineeship organiser. The contract may be concluded for a period not exceeding 3 months and should specify in particular:

- ✓ type of work, in which the trainee is supposed to gain experience and practical skills,
- ✓ traineeship duration,
- ✓ weekly working time within the traineeship,
- ✓ remuneration amount, if the traineeship is paid.

The graduate traineeship is subject to several Labour Code provisions, i.e. these prohibiting discrimination in employment, specifying the working time (daily, weekly) and rest periods – also daily and weekly as well as work at night. In addition, the working conditions of the trainee should comply with the H&S provisions and the trainee cannot work in particularly hazardous conditions in the meaning of the Labour Code. The trainee is however not a worker in the meaning of the Labour Code. They conclude no employment contract and therefore no employment relationship is established. The graduate traineeship contract is not a form of a contract for a specific work. This contract is not listed in the Civil Code and has a separate legal basis. Revenue from such contract, in the meaning of the Act on personal income tax, constitutes no revenue from an activity performed personally (as in the case of specific work) and is considered revenue from other sources. In addition, the difference between the graduate traineeship contract and contract for specific work is that the former one is concluded for training purposes and brings benefits to the trainee, while the latter is a contract for services provided to the contracting party.

The paid graduate traineeship does not entitle to mandatory social insurances (i.e. old-age, pension, sickness and accident), because it is not a standard type of professional activity aiming at profits. The person with this contract may join a voluntary old-age and pension insurance scheme on request.

As mentioned above, the graduate traineeship contract is not a contract performed for lucrative purposes and a natural person with this contract is not a worker, contractor, or a person pursuing a non-agricultural business activity (self-employed). This is a specific type of contract – limited in time – which enables preparation for a profession, training and taking a standard, permanent job subject to insurance coverage in future.

## 6. Social protection in the COVID-19 era

---

The economic policy struggling with the SARS-CoV-2 pandemic focused on reducing the burdens, protecting jobs and ensuring financial and health safety of the citizens, with solidary distribution of economic costs related to the pandemic between the state, employers and workers. A solution package – Anti-Crisis Shield – was enacted. The first regulations entered into force on 31 March 2020 and were amended in time.

The Anti-Crisis Shield is a package of legal acts drawn up under the direction of the Chancellery of the Prime Minister by the key ministries and public institutions, including among others the Ministry of Health, Development, Finance, Family, Labour and Social Policy, Interior and Administration, the BGK Bank, Polish Financial Supervision Authority, Polish Development Fund and the Social Insurance Institution (ZUS). The shield is based on five pillars:

- ✓ protection of jobs and employee safety,
- ✓ financing the entrepreneurs,
- ✓ health protection,
- ✓ enhancing the financial system,
- ✓ public investments.

The value of aid package was estimated for approx. 13% of the Polish GDP (PLN 312 billion), including among others:

- ✓ approx. PLN 80 billion for activities funded by the state budget, including among others exemption from contributions, Funding of jobs or health expenditure;
- ✓ approx. PLN 100 billion for the operations of the National Health Bank and the BGK Bank; this amount was allocated to guarantees and liquidity support in the financial system, including access to credits for companies and natural persons. This expenditure is incurred from the banking system rather than the state budget;
- ✓ approx. PLN 100 billion for the subsidy programme funded by the Polish Development Fund for small, medium and large enterprises to protect jobs. The programme was organised and funded by the Polish Development Fund by bond issuance of its bonds (for PLN 100 billion) with the State Treasury guarantee. Part of bonds (approx. 60%) will be paid by the state budget in the course of 10 years as a repayable assistance for the enterprises and workers related to COVID-19, while the remaining part (approx. 40%) will be reimbursed by the companies in the form of payment of subsidies within 3 years.

The key support schemes may include among others:

- a) in the area of social insurances:
  - ✓ exemption from payment of social insurance contributions for the payers,
  - ✓ downtime benefit for the entrepreneurs and contractors,
  - ✓ relief in payment of contributions without the extension charges – deferral of payment date or payment of contributions due in instalments,
  - ✓ withdrawal from interest for delay for the amounts due for the period since January 2020,
  - ✓ suspension of debt collection activities for amounts due between February and April 2020,
  - ✓ additional care allowance,
  - ✓ solidarity allowance<sup>13</sup>,
- b) in the area of labour market:
  - ✓ funding of a part of workers’ wage costs and social insurance contributions due from these wages in micro-entrepreneurs, small and medium entrepreneurs, in the case of decreased turnover,
  - ✓ funding of a part of costs of business activity of the entrepreneurs being the natural persons without workers in the case of decreased turnover,
  - ✓ low-interest loan for micro-entrepreneurs to cover running costs of business activity,
  - ✓ funding of a part of workers’ wage costs and social insurance contributions due from these wages of various entities in the case of decreased turnover or revenue<sup>14</sup>.

### 6.1. Support in the area of social insurances

The individual aid instruments developed for the purposes of decreasing the contribution burdens for the payers and the insured were implemented and paid by the Social Insurance Institution (ZUS).

#### 6.1.1. Exemption from payment of social insurance contributions for the payers

The exemption from payment of social insurance contributions was available to, among others, payers with less than 50 persons insured, payers being social cooperatives, persons pursuing a non-

---

<sup>13</sup> The forms of support listed therein were executed by the Social Insurance Institution under the direction of the Minister of Family and Social Policy.

<sup>14</sup> The forms of support listed therein were supervised by the then Minister of Development, Labour and Technology.

agricultural business activity paying the contributions only for themselves, clergies paying the contributions only for themselves and/or other clergies, entrepreneurs paying the contributions only for their health insurance. The exemption from obligation to pay contributions applied to unpaid social insurance contributions, health insurance contributions, Labour Fund, Solidarity Fund, Guaranteed Employee Benefits Fund and the Bridging Pension Fund contributions. The period of exemption from payment of contributions is considered the insurance period and the exempted contributions are considered paid<sup>15</sup>.

According to statistical data, the total remission amount for exemption from payment of contributions was PLN 13 219 565.3 thousand<sup>16</sup>.

The extending restrictions to business activity, including among others in the commercial, catering, cultural, entertainment, recreation, sport or tourist sector triggered the subsequent shielding measures for the most affected business sectors. To this end, the exemption from payment of contributions for the entrepreneurs pursuing specific business activities was continued (sectoral exemption from contributions). Pursuant to subsequent reviews of the Anti-Crisis Shields and Ordinances of the Council of Ministers on providing support to the participants of economic turnover in effect of the COVID-19 pandemic, the persons pursuing business in the selected sectors were entitled to exemption from payment of contributions for July, August, September, November and December 2020 as well as for January, February, March and April 2021.<sup>17</sup>

As of 15 June 2021, the total remission amount for sectoral exemption from payment of contributions was PLN 2 100 190.40 thousand.

Pursuant to the latest amendment of the so-called COVID Act, the entrepreneurs who run school shops and have experienced a certain decrease in revenue in effect of the COVID-19 pandemic may apply for exemption from payment of contributions for November – December 2020 and for January – March 2021. Analogical support is available to the tour leaders and tourist guides providing their services to museums – exemption from payment of contributions is available for June – September 2020.

#### 6.1.2. Downtime benefit for the contractors with contracts for specific work, agency contracts and contracts of mandate

The downtime benefit is available when the COVID-19 pandemic forced downtime in a business activity of a contracting party or service purchaser with whom a civil-law contract has been concluded. The purpose of this benefit is to compensate for lost revenue under a civil-law contract concluded and could not be performed or was performed in a limited scope due to the downtime in a business activity with regard to COVID-19.

---

<sup>15</sup> Pursuant to: Act of 31 March 2020 amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called Shield 1.0), Act of 16 April 2020 on special aid instruments related to spreading of the SARS-CoV-2 virus (the so-called Shield 2.0), Act of 14 May 2020 on amendment of certain acts in the area of shielding measures related to spreading of the SARS-CoV-2 (the so-called Shield 3.0).

<sup>16</sup> Data as of 15 June 2021.

<sup>17</sup> The ministry responsible for development of assumptions of the so-called sectoral anti-crisis shields was the then Ministry of Development, Labour and Technology.

The benefit is equal to 80% of the minimum wage in 2020<sup>18</sup>, i.e. PLN 2080. When the total revenue under a civil-law contract in a month preceding the month of submitting the application is below 50% of the minimum wage in 2020 (i.e. less than PLN 1300), the downtime benefit is available in the amount of total wages under these contracts.

Due to the prolonged restrictions in performance of civil-law contracts in architecture and culture, the sectoral one-off additional downtime benefit for the contracts concluded by 15 December 2020 was implemented. This solution enabled the persons with certain civil-law contracts to receive an additional downtime benefit of PLN 2080<sup>19</sup>.

The applications for a downtime benefit for the persons performing civil-law contracts may be submitted within 3 months from the month in which the state of epidemic was abolished at the latest.

As of 15 June 2021, nearly 250 thousand of applications for downtime benefits for the persons with civil-law contracts were examined and nearly 241 thousand of benefits for the amount of PLN 397.5 million were paid.

### 6.1.3. Downtime benefits for persons pursuing a business activity

The entitlement to downtime benefit arises when COVID-19 causes a downtime in business activity. This benefit aims to compensate for lost profits from this activity. It is also available to the entrepreneurs who suspended their business activity after 31 January 2020.

The value of the benefit is 80% of the minimum wage in 2020 – PLN 2080, while in the case of an entrepreneur settling their income tax in the form of a tax card and at the same time exempt from VAT, this benefit amounts to 50% of the minimum wage in 2020 – PLN 1300.

The persons pursuing a business activity in the sectors, who due to the prolonged restrictions were unable to perform it or were able to perform it only in a limited scope were entitled to subsequent sectoral downtime benefits. Depending on the type of prevailing activity with specific PCA (Polish Classification of Activity) code, this benefit is receivable even up to 5 times<sup>20</sup>.

Applications for downtime benefit for the persons pursuing a business activity may be submitted within 3 months from the month in which the state of epidemic was abolished at the latest.

As of 15 June 2021, there are 1 042 million of applications for downtime benefit submitted by the persons pursuing a business activity examined and 929.4 thousand of benefits for the amount of nearly PLN 1.9 billion were paid.

---

<sup>18</sup> The minimum wage in 2020 was PLN 2600.

<sup>19</sup> Pursuant to the Act of 9 December 2020 amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called Shield 6.0).

<sup>20</sup> Pursuant to: the Act of 17 September amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called Shield 5.0); Act of 9 December 2020 amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called Shield 6.0); Ordinance of the Council of Ministers of 26 February 2021 on support to the participants of economic turnover affected by COVID-19 (the so-called Shield 7.0); Ordinance of the Council of Ministers of 16 April 2021 amending the Ordinance on support to the participants of economic turnover affected by the COVID-19 pandemic (the so-called Shield 8.0); Act of 24 June 2021 amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called Shield 9.0).

Pursuant to the latest amendment of the so-called COVID Act, the entrepreneurs who run school shops and have experienced a certain decrease in revenue in effect of the COVID-19 pandemic may apply for downtime benefit up to five times.

#### 6.1.4. Relief in payment of contributions without the extension charges – deferral of payment date or payment of contributions due in instalments

This form of support is dedicated to all payers of social or health insurance contributions who faced difficulties with paying the contributions on time as a result of COVID-19. The relief in payment applied to all payers, regardless of the size of an entrepreneur or the date of starting a business<sup>21</sup>.

In the case of deferring the date of payment of contributions or payment of the amount due in instalments for the period since January 2020, on the basis of the application submitted within the period of epidemic crisis situation or pandemic, or within 30 days following the abolishment thereof, no extension charge is accrued. The effect of relief is avoiding interest that would be due for untimely payment.

According to data as of 13 April 2021, there were 217 thousand reliefs related to the COVID-19 pandemic granted for the amount of nearly PLN 10.1 billion.

#### 6.1.5. Withdrawal from interest for delay for the amounts due for the period since January 2020

The contribution payers who faced difficulties with timely payment of contributions in effect of COVID-19 could apply to the Social Insurance Institution for withdrawal from interest for delay in payment of contributions due for the period after 13 December 2019. Withdrawal from interest applied to the situation, in which the contributions were paid after the statutory payment date, which resulted in accrual of interest. This form of support applied to all contribution payers<sup>22</sup>.

#### 6.1.6. Suspension of debt collection activities for amounts due between February and April 2020

With regard to the active contribution payers, who had no outstanding payments of contributions by the end of January 2020, the Social Insurance Institute suspended the debt collection for the period between February and April 2020. Upon signing of the installment agreement, the debt collection procedure was suspended<sup>23</sup>.

#### 6.1.7. Additional care allowance

In the case of closing of a nursery, children's club, kindergarten or school attended by a child due to COVID-19, the insured relieved from duties due to the need of personal care of a child up to 8 years of

---

<sup>21</sup> Pursuant to the Act of 31 March 2020 amending the Act on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called Shield 1.0).

<sup>22</sup> Pursuant to the Act of 16 April 2020 on special aid instruments related to the spreading of the SARS-CoV-2 virus (the so-called Shield 2.0).

<sup>23</sup> Pursuant to the Act of 19 June 2020 on subsidies to interest on bank loans granted to entrepreneurs affected by the consequences of COVID-19 and on simplified proceedings or approval of an arrangement with regard to COVID-19 (the so-called Shield 4.0).



age was entitled to an additional care allowance for the period not exceeding 14 days. Receiving this allowance required a sickness insurance coverage of the person applying for benefit<sup>24</sup>.

The additional care allowance was also available to the insured parents of children with disabilities or caregivers of adults with disabilities, relieved from duties due to the need of personal care of such person in the case of closing – due to COVID-19 – of an institution attended by such an adult with disabilities, i.e.: children up to 16 years of age with certificate of disability; children up to 18 years of age with certificate of moderate or serious disability and children with certificate of the need of special education.

The additional care allowance was not included in the limit of 60 days of care allowance in the calendar year.

According to data presented by the Social Insurance Institution, to this date 1.7 million applications for the amount of PLN 1.14 billion were examined. Both the Institution and the employers paid the allowances for the amount exceeding PLN 3 billion.

#### 6.1.8. Solidarity allowance

The solidarity allowance was granted to counteract the negative effects of the COVID-19 pandemic under the Act of 5 June 2020. This benefit provided financial support to the persons who lost their source of revenue due to the economic situation caused by the COVID-19 pandemic crisis.

The solidarity allowance was granted to any person with social insurance coverage under the employment relationship for the total period of at least 60 days in 2020 and with whom the employer terminated the employment contract on notice or this contract expired after 14 March 2020.

The amount of this benefit was PLN 1400 per month for the period not exceeding the period between 1 June 2020 and 31 August 2020, not earlier than for a calendar month, in which the application for benefit was filed. The person entitled to solidarity allowance was subject to old-age, pension and health insurance coverage. In the period of receiving the solidarity allowance, the receiving person and its family members are entitled to publicly funded healthcare services.

The Act on solidarity allowance increased also the unemployment allowance from PLN 880.30 to PLN 1200 for the first three months of payment, while after this period to PLN 942.30 (previously PLN 692.00) since 1 September 2020.

According to statistical data, the allowances for 106 thousand persons for the amount of PLN 313 million were paid.

#### 6.2. Support in the area of labour market

Apart providing ad-hoc support under the regulations package of the Anti-Crisis Shield, the poviats employment offices perform the daily tasks in the area of helping the unemployed to find a job and

---

<sup>24</sup> The additional allowance was available under the Act of 2 March 2020 on specific solutions to prevent, counteract and combat COVID-19, other infectious diseases and crisis situations caused by them and amending certain other acts (the so-called COVID Act); the provisions of Shield 1.0 and 3.0, and Ordinances of the Council of Ministers on determination of the extended period for receiving care allowance to counteract COVID-19 of: 10 April, 15 May, 25 June, 10 July, 5 November, 26 November, 23 December 2020 and of 15 January, 29 January, 12 February, 26 February, 12 March, 26 March, 8 April, 22 April, 6 May, 20 May and 2 June 2021.

adapt to the new situation on the labour market within the services and labour market instruments specified in the Act of 20 April 2004 on promotion of employment and on labour market institutions. Throughout 2020, 213.5 thousand unemployed benefited from the active forms of support (287.7 thousand in 2019), of which 103.1 thousand persons took up the subsidised jobs, 75.8 thousand started the traineeships, 19.8 thousand the training, while 14.7 thousand took up the socially useful jobs. In the first half of this year, 141.3 thousand the unemployed participated in active forms of support (i.e. by 23.6 thousand that is by 20.1% more compared with the same period in 2020).

With regard to the instruments supervised by the Ministry of Development, Labour and Technology by 30 July 2021, the voivodeship and poviats employment offices granted support to nearly 8.2 million jobs for the amount exceeding PLN 35 billion (some jobs could be supported more than once or under several instruments, thus they could be counted several times):

- ✓ 1.7 million jobs covered with economic downtime and reduced working time supported by the Guaranteed Employee Benefits Fund for PLN 6.8 billion,
- ✓ 2.1 million jobs protected due to support by the Guaranteed Employee Benefits Fund for PLN 8.9 billion,
- ✓ 1.9 million micro-entrepreneurs granted with loans for PLN 9.4 billion,
- ✓ 1.5 million workers supported under the scheme of Funding of a part of workers' wage costs for the amount of PLN 5 billion,
- ✓ 0.4 million self-employed received funding of a part of costs of pursuing a business activity for nearly PLN 2 billion,
- ✓ 0.6 million micro- and small entrepreneurs received subsidies for PLN 2.9 billion in total.

The individual financial support schemes implemented to protect jobs were executed and paid by the Voivodeship and Poviats Employment Offices.

#### 6.2.1. Job protection benefits

The entities entitled to use measures from the Guaranteed Employee Benefits Fund intended for funding of the workers' wages and payment of social insurance contributions due from the employer include among others entrepreneurs, non-governmental organisations as well as various state and church institutions. The benefit is granted to those entities that have met the conditions set out in individual legal acts, mainly in terms of the decrease in revenues as a result of COVID-19. Such persons could not have arrears in the payment of public law liabilities until the end of the third quarter of 2019 and meet the conditions for declaration of bankruptcy. Co-financing is not granted to the salaries of employees earning more than 300% of the average monthly salary in the previous quarter. Concluding the agreement on payment of benefits from the Guaranteed Employee Benefits Fund obliges the entrepreneur to use funds on terms and conditions laid down in the Act and prohibits termination of employment contracts from the reasons not attributable to the worker in the period in which the worker receives wage with co-funding from the Guaranteed Employee Benefits Fund. The benefits and measures referred to above are granted for 3 months in total, starting from the month of applying for benefit.

#### 6.2.2. Funding of a part of workers' wage costs and social insurance contributions due from these wages in micro-entrepreneurs, small and medium entrepreneurs, in the case of decreased turnover

The solution provides for funding of a part of workers' wage costs and social insurance contributions due from these wages in the case of decreased turnover in effect of COVID-19. The amount of funding depends on the decrease in turnover of the entrepreneur.

In the first case, in which the decrease in turnover is recorded at the level of at least 30%, the maximum funding will be the total of 50% of wages of individual workers listed in the application along with social insurance contributions due from such wages and not more than 50% of the minimum wage for work increased by social insurance contributions for each worker.

The second case is decrease in turnover by at least 50%. Funding will not exceed the total of 70% of wages of individual workers listed in the application along with social insurance contributions due from such wages and at the same time not more than 70% of minimum wage for work increased by social insurance contributions for each worker. The last option applies to the group of entrepreneurs most affected by the pandemic, since the decrease in turnover from their activity is at least 80%. For this group of entities, the legislator provides for maximum funding in the amount being the total of 90% of wages of individual workers listed in the application along with social insurance contributions due from such wages and at the same time not more than 90% of minimum wage for work increased by social insurance contributions for each worker. Support was provided by 30 June 2021.

#### 6.2.3 Funding of a part of costs of business activity of the entrepreneurs being the natural persons without workers in the case of decreased turnover

The purpose of the offered aid is providing financial support to cover a part of costs of business activity with regard to the recorded decrease in turnover. Funding amount depends on the decrease in turnover of the enterprise.

The amount of funding was divided into 3 thresholds. In the first one, the decrease in turnover is at least 30%, in the second one at least 50%, while in the third one at least 80%. The amounts of monthly tranches are 50%, 70% and 90% of minimum wage, respectively.

In the period for which the funding was granted, the entrepreneur is obliged to pursue its business activity. Failure to comply with this condition results in obligatory return of funding without interest, proportionally to the period of discontinuation of business activity, within 30 days from the day of receiving a request. Support was provided by 30 June 2021.

#### 6.2.4 Low-interest loan for micro-entrepreneurs to cover running costs of business activity

To counteract the negative effects of COVID-19, a micro-entrepreneur may apply for a one-off loan to cover running costs of business activity. The maximum amount of loan is PLN 5000. The loan and interest are forgivable, provided that the micro-entrepreneur continues its business activity for 3 months from the date of granting the loan. Support was provided by 30 June 2021.

#### 6.2.5. Funding of a part of workers' wage costs and social insurance contributions due from these wages of various entities in the case of decreased turnover or revenue

The non-governmental organisations or the entities, referred to in Article 3(3) of the Act of 24 April 2003 on public benefit and volunteer work were also entitled to funding of a part of workers' wage costs and social insurance contributions due from these wages in the case of decrease in revenues from statutory activity in effect of COVID-19. The amount of funding depends on the decrease in revenues.

In the case of decrease in revenues at the level of at least 30%, the maximum funding will be the total of 50% of wages of individual workers listed in the application along with social insurance contributions due from such wages and not more than 50% of minimum wage for work increased by social insurance contributions for each worker, i.e. maximum PLN 1533 for funding of each worker and/or co-worker.

The second case is decrease in revenues by at least 50%. Funding will not exceed the total of 70% of wages of individual workers listed in the application along with social insurance contributions due from such wages and at the same time not more than 70% of minimum wage for work increased by social insurance contributions for each worker i.e. maximum PLN 2146 for funding of each worker and/or co-worker.

The last option applies to the group of entities most affected by the pandemic, since the decrease in revenues from their activity is at least 80%. For this group of entities, the legislator provides for maximum funding in the amount being the total of 90% of wages of individual workers listed in the application along with social insurance contributions due from such wages and at the same time not more than 90% of minimum wage for work increased by social insurance contributions for each worker and/or co-worker.

#### 6.2.6. Subsidy to cover running costs of business activity of a micro-entrepreneur and small entrepreneur in specific sectors

The micro-entrepreneurs and small entrepreneurs in the sectors most affected by COVID-19 (65 PCA (Polish Classification of Activity) codes) may apply for subsidy to cover running costs of business activity. The subsidy is granted from the Labour Fund up to PLN 5000 and is non-returnable, provided that the entrepreneur continues its business activity for 3 months from the date of granting the subsidy. The subsidy may be obtained depending on the PCA code from one to five times. Applications for subsidy are applied by 31 August 2021.

#### 6.2.7. Subsidy for school shops

The micro-entrepreneurs and small entrepreneurs pursuing a business activity consisting in sales of food, paper and stationery products to the students, auditing students or pupils in the education facilities may apply for subsidy to cover running costs of business activity. The subsidy is granted from the Labour Fund up to PLN 5000 and is non-returnable, provided that the entrepreneur continues its business activity for 3 months from the date of granting the subsidy. The subsidy is granted up to five times. Applications for subsidy are applied by 31 August 2021.