
POLAND 2002

1. Overview of the system

Unemployed persons receive benefits in a fixed amount for a period from 6 to 18 months. In cases provided for in the law they may receive social assistance benefits (income related) and in special cases after the loss of the unemployment benefit. In the case of an expectant mother there are guaranteed temporary benefits (36 months) and in other cases facultative temporary benefits (2–3 months). Besides, social assistance plays a role of the “last resort benefit”. Housing allowances function outside the social assistance system and require fulfilment of income criterion. The income criterion also applies in the case of family and maternity benefits.

The tax system allows for joint taxation of spouses, and in the case of single parents – joint taxation with the child.

As concerns social benefits, only pension benefits (retirement and disability pensions) and unemployment benefits (as well as pre-retirement allowances and bridging benefits) are taxable.

The 2002 AW level is PLN 25 307.

2. Unemployment insurance

2.1 *Conditions for receipt*

The right to unemployment benefit is granted to a person registered as unemployed, able and ready to take up employment on a full time basis, according to the working time rate applied in a given occupation or service, who has reached the age of 18 years and has not reached the retirement age (60 years for women and 65 years for men). Persons applying for unemployment benefits may not be owners or possessors of an agricultural estate, with arable land exceeding the area of 2 hectares taken for the purposes of calculation nor have monthly income in the amount exceeding half the minimum pay. They should not be the recipients of permanent or permanent compensatory allowance, guaranteed temporary allowance or social pension, on the basis of the social assistance legislation.

2.1.1 *Employment conditions*

The right to the benefit is granted to the unemployed person for each calendar day after the lapse of 7 days from a day of registration in an appropriate district (*powiat*) labour office, if there are no proposals of suitable employment for him/her, no referral to subsidized job, public works or to a created additional job; and if during the period of 18 months preceding the day of registration, for a total period of at least 365 days, s/he was employed and reached remuneration at least equal to half the minimum pay.

2.1.2 *Conditions for insurance contribution*

Contribution (2.45 per cent on the payments) made by employers to Labour Fund.

2.2 *Calculation of benefit amount*

In 2002 unemployment benefits were subject to indexation by consumer prices growth index for the previous, since 1st September. The monthly level of unemployment benefit in 2002 amounted to:

- From 1 September 2001 to 31 August 2002 – PLN 476.70.
- From 1 September 2002 to 31 August 2003 – PLN 498.20.

Additionally the benefits are adjusted to the eligibility period:

- Person having less than 5 years benefit eligibility period receives 80 per cent of benefit.
- Person having from 5 to 20 years benefit eligibility period receives 100 per cent of benefit.
- Person having more than 20 years benefit eligibility period receives 120 per cent of benefit.

2.2.2 *Income and earnings disregards*

Gross income of an applicant for the benefit is disregarded up to the amount of half the minimum pay (in 2002 the average minimum pay gross was PLN 760 per month - PLN 9 120 per year).

2.3 *Tax treatment of benefit (yearly account - in PLN)*

Taxation rate is 19 per cent of gross benefit.

Yearly net benefit = gross benefit – (gross benefit * 19% - 518.16).

2.4 *Benefit duration*

The right to the benefit is granted to the unemployed person for each calendar day after the lapse of 7 days from a day of registration in an appropriate district (*powiat*) labour office. The period of receiving the benefit is as follows:

- 6 months – for the unemployed persons who, during the period of receiving the benefit, reside on the territory of competence of a district (*powiat*) labour office, if the unemployment rate on this territory on 30 June of the year preceding the date of acquiring the right to benefit did not exceed the national average unemployment rate.
- 12 months - for the unemployed persons who, during the period of receiving the benefit, reside on the territory of competence of a district (*powiat*) labour office, if the unemployment rate on this territory on 30 June of the year preceding the date of acquiring the right to benefit exceeded the national average unemployment rate (*note: for calculations, this is assumed to be the most general case*).
- 18 months - for the unemployed persons who, during the period of receiving the benefit, reside on the territory of competence of a district (*powiat*) labour office, if the unemployment rate on this territory on 30 June of the year preceding the date of acquiring the right to benefit exceeded twice the national average unemployment rate, if at the same time they had at least 20-year benefit eligibility period. *Or*

- Who have at least one dependent child in the age of up to 15 years if a spouse of the unemployed person is also unemployed and forfeited the right to benefit because of expiry of the a period of receiving benefit.

2.5 *Treatment of particular groups*

2.5.1 *Young persons*

The school-leaver referred to training is eligible, during the training period, for scholarship equal to 60 per cent of the amount of benefit.

Upon his application or with his/her consent, the *powiat* labour office may refer him or her to employer for on-the-job training for a period not exceeding 12 months. During the training she or he is entitled to the fellowship in the amount of the benefit.

An unemployed person resident in *powiat (gmina)* considered as threatened with particularly high structural unemployment, who – within a period of 6 months from the expiry of his/her school-leaver status has taken up education in a post-primary school for adults, may be granted the scholarship, equal to 60 per cent of the amount of benefit, payable for the period of 12 months.

2.5.2 *Older workers*

There are two types of benefits addressed to older workers:

- Pre-retirement allowances.
- Pre-retirement benefits.

Since 1st January 2002 pre-retirement allowances are not granted. However persons, who were receiving this payment before this date, still keep the entitlement to it.

2.5.2.1 *Pre-retirement allowance*

The pre-retirement allowance, equal to 120 per cent of unemployed benefit, is granted to persons who fulfil the conditions for eligibility for unemployed status and benefit and who have reached:

- The length of employment giving entitlement to benefit, being 30 years for women and 35 years for men. *Or*
- The length of employment giving entitlement to benefit, being 25 years for women and 30 years for men, including at least 15 years in special conditions or special character.

The amount of the preretirement allowance, equals 160 per cent of unemployed benefit if the entitled person resides on the date of acquiring the right to bridging benefit and during the period of its reception in *powiats (gminas)* considered as threatened with particularly high structural unemployment, if his/her employment relationship has been terminated because of reasons on the part of the employer.

The pre-retirement allowance equal to 160 per cent is also granted to persons not resident in areas considered as threatened with particularly high structural unemployment, if their employment relationship has been terminated after 1 July 1996 because of reasons on the part of the employer, in result of one-time reduction of employment, or reductions in a period not longer than 3 months, if at least 100 employees have been laid off.

2.5.2.2 Pre-retirement benefits

Pre-retirement benefits equal to 80 per cent of an old-age pension were specified in a decision, which determined the amount of old-age pension, however it may not exceed 200 per cent of unemployment benefit and may not be lower than 120 per cent of unemployment benefit.

Persons fulfilling conditions for acquiring the status of the unemployed and the right to unemployment benefit, who:

- Have reached at least the age of 58 years (women) and 63 years (men) and have the employment length necessary to acquire the retirement rights, at least 20 years for women and 25 for men. *Or*
- Up till the day when the employment relationship was terminated because of reasons on the part of the employer have worked at least 6 months and have reached the age of 50 years (women) and 55 years (men) and have the employment length necessary to acquire the retirement rights at least 30 years for women and 35 for men. *Or*
- Up till the day when the employment relationship was terminated because of the reasons on the part of employer have worked at least 6 months and have reached the period entitling to the retirement, equal to at least 35 years (women) and 40 years (men). *Or*
- Up till 31 December of the year preceding the termination of the employment relationship have reached the period entitling to the retirement, equal to at least 34 years (women) and 39 years (men), and the employment relationship was terminated in connection with employer's insolvency. have the right to the pre-retirement allowance equal to 90 per cent of old-age pension amount specified in a decision, which determined the amount of old-age pension.

Pre-retirement benefits and pre-retirement allowances are subject to indexation under the principles laid down for the unemployment benefits.

2.5.3 Lone parents

The right to the unemployment benefit extension during maternity leave period for single mothers.

3. Unemployment assistance

None.

4. Social assistance

4.1 Conditions for receipt

General principles: to have insufficient means of living under income criteria and to meet social criteria. Income criteria differ depending on kind of benefit and demographic composition of a family.

Income criteria (in PLN)

July 2001 – May 2002 July 2002 – May 2003

Single person	447	461
First person in family	406	418
Second and next over 15 years of age	285	294
Child under 15 years	204	210

Social criteria: poverty, orphanage, homelessness, protection of maternity, unemployment, disability, permanent illness, alcohol and drug addiction, difficulties in adjustment to life after imprisonment, natural ecological disaster, inability to provide for the care of children or a household, especially in a large or incomplete families.

Simultaneously the right to permanent, permanent compensatory allowance and social pension belongs only to specific kinds of beneficiaries. In other cases there is discretionary periodic assistance (cash). It concerns temporary and single benefits.

4.2 Calculation of benefit amount

4.2.1 Calculation of benefit

Permanent benefit and social pension:

- July 2001 – May 2002 – PLN 406.
- July 2002 – May 2003 – PLN 418.

Temporary benefit account – the final level depends on discretionary administrative decision, might be less than maximum:

- Maximum benefit = family income criterion per capita – family income per capita.

The level of single benefit depends on the object of assistance (costs of clothes, medicaments, fuel, funeral).

4.2.2 Income and earnings disregards

No disregards. Income test on net income.

4.3 Tax treatment of benefit

Not taxable.

4.4 Benefit duration

It depends on kind of benefit. Permanent – unlimited, temporary 2-3 months.

4.5 Treatment of particular groups

4.5.1 Young persons

None

4.5.2 *Older workers*

None

5. Housing benefits

5.1 *Conditions for receipt*

Housing benefits are paid by local authorities to the low income households (under gross income – 150 per cent minimum pension for single – PLN 758 and 100 per cent minimum pension per capita for family – PLN 548). They are outside the social assistance system.

5.2 *Calculation of benefit amount*

5.2.1 *Calculation of gross benefit*

The difference between costs of rent and standard cost provided by the legislation. In 2002 the average amount of the benefit was PLN 162 per month. Housing benefits are paid directly to the benefit recipient's landlord.

5.2.2 *Income and earnings disregards*

No disregards

5.3 *Tax treatment of benefit*

Not taxable.

5.4 *Treatment of particular groups*

Special treatment of disabled persons in the calculation of housing benefits.

6. Family benefits

6.1 *Conditions for receipt*

The claimant must have a dependent child aged under 16, or under 20 if still in education. A dependent wife aged over 60 or husband aged over 65, or when this person has a child who is eligible for nursing benefit or is disabled, also qualifies.

6.2 *Calculation of benefit amount*

6.2.1 *Calculation of gross benefit*

1.06.2001 - 30.05.2002 (per child per month):

- PLN 41.20 for the first and second child.

- PLN 51.00 for the third child.
- PLN 63.70 for the fourth and next child.

1.06.2002 - 30.05.2003 (per child per month):

- PLN 42.50 for the first and second child.
- PLN 52.50 for the third child.
- PLN 65.70 for the fourth and next child.

6.2.2 *Income and earnings disregards*

To 30 July the benefit ceases if the total gross income per each household member, in a calendar year preceding a period of collecting benefit, exceeds 50 per cent of the national average wage for the same calendar year. Benefit is granted for a period of 12 months (1.06 – 31.05), thus the right to benefit is tested once a year. From 31 June 2002 income criteria per capita – PLN 548. In the case of lone parents – PLN 612 (no relation to average wage).

Average monthly gross remuneration (including monthly insurance contributions) in the national economy in 2001 was PLN 2 061.85.

Note: This is per each household member, not per each adult in the household.

6.3 *Tax treatment of benefit*

Not taxable.

6.4 *Treatment of particular groups*

6.4.1 *Young persons*

None.

6.4.2 *Older workers*

A dependent wife aged over 60 or husband aged over 65 when they have no own income.

7. Childcare benefits

7.1 *Conditions for receipt*

Families or single parents raising one or more children under 6 years (during maternity leave).

Maximum duration of benefit 24 months (in special cases 36–72 months).

7.2 Calculation of benefit amount

7.2.1 Calculation of gross benefit

To 31.05.2002 childcare benefit was paid in an amount of PLN 308.80 and PLN 491.00 for lone parents.

From 01.06.2002 childcare benefit was paid in an amount of PLN 318.10 and PLN 505.80 for lone parents.

7.2.2 Income and earnings disregards

Income tested (to 30 July 2002 income per capita 25 per cent average wage and from 31 June 2002 PLN 548).

To 31.05.2002 PLN 480.95 maximum.

From 01.06.2002 PLN 548.00 maximum.

7.3 Tax treatment of benefit

Not taxable.

8. Employment-conditional benefits

None.

9. Lone-parent benefits

See above.

10. Tax system

10.1 Income tax rate schedule

Any individual resident in Poland or on a temporary stay longer than 183 days in a given tax year, is liable to tax on his/her worldwide income, irrespective of the source of that income.

10.1.1 Tax allowances and credits

Relief for work related expenses: standard deductions depend on the number of workplaces and on whether dwelling place and work place are the same or not.

Annual deductible amounts (in PLN)

	One workplace	Two/more workplaces
Same as dwelling place	1 155.12	1 732.72
Different from dwelling place	1 443.90	2 165.90

Basic relief: a non-refundable tax credit of PLN 518.16 is available for all taxpayers.

10.1.2 *The definition of taxable income*

Gross income minus social security (in case of workers) and the above tax allowances. Gross income is the sum of gross earned income and all benefits, whether cash or in kind (with the exception of family benefits, childcare benefits and social assistance benefits).

10.1.3 *The tax schedule*

Tax base (in PLN)		Tax rate
Over	Below	Tax amount
	37 024	19% of the tax base, less a basic tax credit of PLN 518.16
37 024	74 048	PLN 6 516.40 + 30% of surplus over PLN 37 024
74 048		PLN 17 623.60 + 40% of surplus over PLN 74 048

10.2 *Treatment of family income*

The tax unit is the individual. Couples have the option to file a joint tax return. Couples have the right to two tax credits. The same case applies to single parents, when children have no own income.

10.3 *Social security contribution schedule*

Since 1st January 1999 social insurance contributions are paid by employer and employee. Social insurance contribution paid by employee covers:

Scheme	In per cent of wages before taxation
Retirement	9.76
Disability	6.50
Sickness	2.45

Furthermore, health insurance contribution is paid by employees as well. Rate of contribution is 7.75 per cent of wage after deducting social insurance contributions, and health insurance is deducted from the taxes.

12. **Policy developments**

12.1 *Policy changes introduced in the last year*

Pre-retirement allowances are no longer granted. Income criteria for social assistance and family benefit changed.

12.2 *Policy changes announced*

A new and coherent family benefit system is being worked out in Poland (planned for implementation in September 2003). New income criteria, based on researches, will be implemented. Among new solutions, there are two kinds of benefits envisaged: family benefits with special additional increases in case of *e.g.* childbirth, a necessity of child nursing, a child attending school or impossibility to obtain alimony, as well as nursing benefits stemming from the increased costs of rehabilitation or the necessity to leave a job due to taking care of a disabled child. Strong emphasis has been put on the implementation of such forms of support which will contribute to the improvement for children and youth access to education, including access to education and rehabilitation for disabled children and young people. The family benefit system is planned to be complementary to social assistance.

Simultaneously a new social assistance system is being worked out (planned for implementation in January 2004). There will be two kind of cash benefits – permanent for elderly beneficiaries and temporary (means–tested) for others. Also new income criteria will be implemented, based on the minimum standard researches.
