

**POLAND**  
**2003**

**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 2003 AW level is PLN 26 450.

**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 (excluding income from interest rates or income from savings on bank accounts)<sup>1</sup>. 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.

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<sup>1</sup> according to the Law of 20 December 2002 on the change of the Law on Employment and Counteracting employment (Journal of Law, No 6, pos. 65) implemented on 1 June 2003,

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**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.

The right to unemployment benefit shall not be granted in the period of 6 months preceding the registration at the district (*powiat*) labour office, providing that the unemployed has terminated his/her employment relationship with notice or upon the consent of both parties, unless the consent of both parties had been caused by:

- bankruptcy or liquidation of the employer or
- by employment cut-offs for employer-related reasons or
- by the change of the place of residence.

There are no job-search conditions for becoming and remaining entitled to unemployment benefits apart from:

- being registered as unemployed,
- obligation to report to the district (*powiat*) labour office at designated dates to confirm readiness to take up employment and to receive information on employment and training opportunities
- accepting job offers proposed by the district (*powiat*) labour office.

The Staroste shall deprive of the status of the unemployed the person who:

- has refused twice, without a justified reason, a proposal of training, on-the-job-training, subsidized work or public work, deprivation of the status of an unemployed shall be valid for 6 months
- has not reported to the district (*powiat*) labour office at a designated date and has not informed within 5 days on a justified reason for his/her absence, deprivation of the status of an unemployed shall be valid for the period of 3 months as of the designated date of reporting to the district (*powiat*) labour office

There are possibilities to re-apply for benefits once they have expired, provided that the conditions concerning the benefit eligibility period (defined above) are fulfilled. According to district (*powiat*) labour office experience it is common that the unemployed re-apply for benefits as soon as they acquire the right to do it, but unfortunately there are no detailed data describing this process (there are data concerning the persons who were registered as unemployed for at least second time from 1990 - in June 2003 the number of such persons amounted to 61% of total number of persons registered as unemployed) .

**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 1<sup>st</sup> 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.

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- From 1 September 2003 to 31 August 2004 – PLN 503,20.

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 2003 the average minimum pay gross was PLN 800 per month - PLN 9 600 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% - 530,08).

### 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.

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**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 Staroste 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.

The school-leaver is eligible for scholarship in the amount equal to the unemployment benefit. Upon the consent of an employer, the Staroste may entrust a worker indicated by the employer, based on the contract for performance of specific services, with the supervision over the school-leaver's on-the-job training for a monthly remuneration amounting to up to 10% of the total amount of the scholarship the supervised school-leaver is eligible for.

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 the evening courses or extra mural system at a primary school, post-grammar school or higher school may be granted the scholarship by the Staroste, <sup>2</sup>equal to 60 per cent of the amount of benefit, payable for the period of 12 months. The eligibility for the scholarship shall expire in case of exceeding the income level per family member in the meaning of social assistance legislation, which entitles to the social assistance benefits <sup>3</sup>.

**2.5.2 Older workers**

There are two types of benefits addressed to older workers:

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

Since 1<sup>st</sup> 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*

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<sup>2</sup> the change was introduced on 2001.09.12

<sup>3</sup> the change was introduced on 2003.02.06

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- 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.

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**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<sup>4</sup> criteria -monthly (in PLN)**

	June 2001 – May 2002	June 2002 – May 2003	June 2003 – April 2004
Single person	447	461	461
First person in family	406	418	418
Second and next over 15 years of age	285	294	294
Child under 15 years	204	210	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:

- June 2001 – May 2002 – PLN 406.
- June 2002 – May 2003 – PLN 418.
- June 2003 – April 2004 – 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.

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<sup>4</sup> Net income

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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. A single person must have gross income under 160 per cent of the minimum retirement pension and families must have gross income equal to less than 110 per cent of the minimum retirement pension per capita. Housing benefits are outside the social assistance system.

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**Income criteria (monthly, PLN)**

	June 2002 – February 2003	March 2003 – February 2004
Single household (160% minimum pension)	852,70	884,20
Per capita for family (110% minimum pension)	586,20	607,89

**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, in 2003 – PLN 140,10 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. The claimant with 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):



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- 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 52.60 for the third child.
- PLN 65.70 for the fourth and next child.

1.06.2003 - 30.04.2004 (per child per month):

- PLN 42.50 for the first and second child.
- PLN 52.60 for the third child.
- PLN 65.70 for the fourth and next child.

#### 6.2.2 *Income and earnings disregards*

To 30 June 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<sup>5</sup>), thus the right to benefit is tested once a year. From 31 July 2002 till 30 April 2004 - income criteria per capita – PLN 548 (average monthly family income per capita in 2001), 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.

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<sup>5</sup> Benefit period from 01.06.2002 to 31.05.2003 was expanded to 30.04.2004.

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**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 to 31.12.2003 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 31 May 2002 income per capita 25 per cent average wage and from 1 June 2002 - PLN 548 (average monthly family income per capita in 2001)).

To 31.05.2002: PLN 480.95 maximum.

From 01.06.2002 to 31.12.2003: 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	1 199.52	1 799.37
different from dwelling place	1 443.90	2 249.21

Basic relief: a non-refundable tax credit of PLN 530.18 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	Tax amount
Over	Below		
	37 024	19 % of the tax base, less a basic tax credit of PLN 530.08	
37 024	74 048	PLN 6504.48 + 30% of surplus over PLN 37 024	
74 048		PLN 17 611.68 + 40% of surplus over PLN 74 048	

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**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 1<sup>st</sup> 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**

According to the Law of 20 December 2003 on the change of the Law on Employment and Counteracting Unemployment (Journal of Law, No6 , pos. 65 ) implemented on 7 February 2003:

- The period of receiving allowance shall be reduced by the time of public work and subsidized work and not being entitled to the allowance
- The unemployed who lost the status of the unemployed for the period shorter than 365 days because of taking up employment or other gainful work or economic activity outside agriculture or having income exceeding half of the minimum monthly pay, and was registered at the County Labour Office as unemployed within 7 days as of the day of the termination of employment, other gainful work or economic activity outside agriculture or the period of having the income exceeding half of the minimum monthly pay shall be entitled to the allowance for the period of time reduced by the period of receiving the allowance preceding the loss of the status of the unemployed and the periods of public work and subsidized work and not being entitled to the allowance
- The person who lost the status of the unemployed for the period not longer than 365 days, and on the day of subsequent registration complies with conditions mentioned in Article 23, shall acquire the right to the allowance for the period reduced by the previous period of receiving benefit and the periods of public work and subsidized work and not being entitled to the allowance

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According to the Law of 24 July 2003 on the change of Criminal Code (Journal of Law, No 142 , pos. 1380 ) implemented on 1 September 2003:

- The unemployed shall be entitled to the allowance if he/she performed work in the period of detention awaiting trial or imprisonment, if the basis of calculation of social insurance and Labour Fund contributions amounted at least to the half minimum pay,

## **12.2 Policy changes announced**

It is worth remarking that there were some policy changes announced in 2003 which concerned the EU accession of Poland (acquiring right to the unemployment benefit by the persons employed abroad). However, they were in force for a period of about one month, as the new Law on Promoting Employment and Labour Market Institutions was introduced on 1 June 2004. The new law implements important changes in the labour market regulations including among others:

- regionally differentiated unemployment benefits
- labour market policies more focused on active measures of counteracting unemployment than on mitigating its effects
- more specified conditions for acquiring the entitlement to the pre-retirement benefits

In May 2004 there were new regulations on family benefits and social assistance implemented. Under the Law of 28 November 2003 on the family benefits (Journal of Law, No 228, pos. 2255), family support benefits, dispersed among various laws and systems, were included in one complex legal act. There were family and nursing benefits introduced. Along with leading family benefit there are supplementary benefits disbursed. These supplements are foreseen in case of some circumstances associated with different stage of family development.

Within family benefits there are following supplementary benefits available:

- Birth supplement – replacing former child delivery benefit;
- Child care supplement in the time of maternity leave replacing maternity benefit;
- Supplementary allowance for single parent that are not entitled to unemployment benefits anymore – previously it was included in social assistance benefits as temporary warranted benefit;
- Supplementary allowance for single parent replacing benefits from Alimony Fund
- Supplementary allowance on education and rehabilitation of disabled children
- Supplementary allowance at beginning of the school;

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- Supplementary allowance on children that are taking up education in schools outside the area of living.

Within nursing benefits there are following allowances available:

- Supplementary nursing allowance (it was previously available);
- Nursing benefit replacing permanent benefit from social assistance is available to persons that resign from work to take care of disabled child.

In the area of social welfare there have been permanent benefits introduced. Persons or families (due to age or disability), who do not have their own income sources or their income is below income criteria, are entitled to the permanent benefit, which was previously available. Other clients of social welfare that are facing temporary difficulties in family maintenance are entitled to temporary benefits. This benefit differs from the previous one because it is obligatory and introduces minimal warranty for received assistance.