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## POLAND 2001

### 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 mother carrying a child there are guaranty temporary benefits (36 months) and in other cases facultative temporary benefits (3 – 4 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 2001 AW level is PLN 24 784.

### 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

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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 % on the payments) made by employers to Labour Fund.

## **2.2** *Calculation of benefit amount*

In 2001 unemployment benefits were subject to indexation by consumer prices growth index for the previous half of the year, since 1st March and 1st September. The monthly level of unemployment benefit in 2001 amounted to:

- from 1 January to 28 February – PLN 446,70
- from 1 March 2001 to 31 August - PLN 461,90
- from 1 September 2001 to 31 December 2001 - PLN 476,70,

Additionally the benefits are adjusted to eligibility period:

- person having less than 5-years benefit eligibility period receives 80% of benefit,
- person having from 5 to 20 years benefit eligibility period receives 100% of benefit,
- person having more than 20 years benefit eligibility period receives 120% 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 2001 the average minimum pay gross was PLN 760,00 per month - PLN 9 120 per year).

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

Taxation rate is 19% of gross benefit.

Net benefit = gross benefit – (gross benefit \* 19% - 493,32).

## **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

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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% 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% of the amount of benefit, payable for the period of 12 months.

### **2.5.2 Older workers**

- 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 are entitled to bridging benefits equal to 120% of benefit.

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The amount of the bridging benefit equals 160% of 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 the reasons on the part of employer.

The bridging benefit equal to 160% 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 the reasons on the part of 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.

Generally the amount of the bridging benefit may not exceed 90% of average monthly pay constituting the basis of calculating of social insurance and Labour Fund contributions and may not be lower than 120% 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, or
- in the calendar year in which the employment relationship was terminated because of the reasons on the part of employer have reached the age of 55 years (women) and 60 years (men) and have the employment length necessary to acquire the retirement rights, or
- up till the day when the employment relationship was terminated because of the reasons on the part of employer 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% of old-age pension amount specified in a decision, which determined the amount of old-age pension.

In any case, however, the bridging benefit as well as pre-retirement allowance may not be lower than 120% of the unemployment benefit.

Bridging 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.

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**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:

	September 2000 – May 2001	July 2001 – May 2002
Single person	401,00 PLN	447,00 PLN
First person in family	364,00 PLN	406,00 PLN
Second and next over 15 years of age	256,00 PLN	285,00 PLN
Child under 15 years	183,00 PLN	204,00 PLN

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 concern to temporary and single benefits.

**4.2 Calculation of benefit amount**

**4.2.1 Calculation of benefit**

Permanent benefit and social pension:

September 2000 – May 2001 – 364,00 PLN

July 2001 – May 2002 – 406,00 PLN

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

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Maximum benefit = family income criterion – family income.

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 3 - 4 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 income – 150% minimum pension for single and 100% minimum pension per capita for family). 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 2001 the average amount of the benefit was 155,45 PLN per month. Housing benefits are paid directly to the benefit recipient's landlord.

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**5.2.2** *Income and earnings disregards*

No disregards

**5.3** *Tax treatment of benefit*

No taxable.

**5.4** *Treatment of particular groups*

Special treatment of the 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 have 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 – 31.05.2002 (per month)
  - 36,90 PLN for the first and second child (each),
  - 45,70 PLN for the third child,
  - 57,10 PLN for the fourth and next children (each).
- 1.06.2002 - 30.05.2003 (per month)
  - 41,20 PLN for the first and second child (each),
  - 51,00 PLN for the third child,
  - 63,70 PLN for the fourth and next child (each).

**6.2.2** *Income and earnings disregards*

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

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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.

Average monthly gross remuneration (including monthly insurance contributions) in the national economy in 2001 was PLN 2061,85.

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. Child-care benefits**

### **7.1 Conditions for receipt**

Families or single parents raising child or 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 31.05.2001 childcare benefit was paid in an amount of PLN 276,90 and PLN 440,30 for lone parent

from 01.06.2002 childcare benefit was paid in an amount of PLN 308,80 and PLN 491,00 for lone parent

7.2.2 *Income and earnings disregards*

Income tested (income per capita 25 % average wage)

to 31.05. 2001 PLN 426,70 maximum

from 01.06.2001 PLN 480,95 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 world wide income, irrespective of the source of that income.

10.1.1 *Tax allowances and credits*

Allowances:

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. The annual deductible amounts in PLN are:

	<b>one workplace</b>	<b>two/more workplaces</b>
same as dwelling place	1110.72	1666.08
different from dwelling place	1388.40	2082.60

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**Basic relief:** A non-refundable tax credit of PLN 493.32 is available for all tax payers.

### 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, child-care benefits and social assistance benefits).

### 10.1.3 *The tax schedule*

Tax rate:

Tax base (in PLN)		Tax amount
over	below	
	37 024	19 % of the tax base, less a basic tax credit of PLN 493,32
37 024	74 048	PLN 6 541,24 + 30% of surplus over PLN 37 024
74 048		PLN 17 648,44 + 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 single parents, when children have no own income.

## 10.3 *Social security contribution schedule*

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

Retirement	9,76% of wages before taxation
Disability	6,50% of wages before taxation
Sickness	2,45% of wages before taxation

Furthermore, health insurance contribution is paid by employee as well. Rate of contribution is 7,75% of wage after deducting social insurance contributions and health insurance is deducted from the taxes.

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## **12. Policy developments**

### ***12.1 Policy changes introduced in the last year***

To foster family care included in social assistance.

### ***12.2 Policy changes announced***

In 2002 income criteria entitling to benefits were decreased (family, maternity, some kind from social assistance benefits and housing benefits). Simultaneously, the level of preretirement unemployment benefits was decreased.

Activities are initiated heading towards the new philosophy of composition of social benefits (in social assistance and family benefits area).