

# Simple joint-stock company - new type of company as of March 2020

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*On 1 March 2020, as a result of the amendment of the Code of Commercial Companies, adopted on 19 July 2019, a new type of the company called by the legislator the Simple Joint-Stock Company will be introduced to the Polish legal order. Companies in Polish law So far, investors had a choice of two [...]*



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## **Companies in Polish law**

So far, investors had a choice of two types of companies: a limited liability company and a joint-stock company.

Limited liability companies were the largest number due to the easy procedure of establishing such company (also via the Internet), relatively low required share capital (PLN 5,000) up to which the liability towards the creditors is limited. On the other hand, the limited liability company is less sensitive to changes. This is because, inter alia, most transformations in the company's structure must be approved in the presence of a notary what also generates additional costs.

Establishing a joint-stock company requires a much higher expense because the share capital must be of minimum PLN 100,000. It is also the most complex type of company and its operation is subject to a number of regulations. .

### **The principles of establishing and advantages of the Simple Joint-Stock Company**

A Simple Joint-Stock Company is to be characterized by even simpler rules of its establishment than a limited liability company. The minimum share capital is to be only PLN 1 and it will not have to be specified in the articles of association so its change will not require the amendment of the articles.

Shares of the simple joint-stock company will not, however, have a minimum value and will be able to be covered by cash as well as in-kind contributions. What's important, in-kind contribution may include, inter alia, work performance or non-transferable right. Therefore, shareholders will be able to also be persons bringing know-how or their skills to the company. For this reason, simple joint-stock company is presented as a form of economic activity

dedicated especially to start-ups.

Registration of simple joint-stock company will take place by either traditional means (conclusion of the articles of association in a notary form) or by using a template available in the electronic system S24. However, when the basis of establishing the company is in-kind contribution, then the company must be established in a notary form.

Shares in the simple joint-stock company will have an electronic form what is supposed to enable their transmission through electronic communication and not in the form of a document as it took place so far.

### **Simplification of company's operations**

Unlike traditional joint-stock company, there will be no obligation to form a supervisory board (only a right) and the company will be able to be managed by a single-person board. Also, a board of directors may be appointed.

The simple joint-stock company will not have the status of a public company what eliminates the number of restrictive requirements. However, there will be a possibility of transforming simple joint-stock company into joint-stock company in order to go public.

Another novelty that has not yet been seen in the case of other types of companies is the possibility of adopting resolutions via e-mail or during a videoconference. The company may also be liquidated in a simplified manner. The shareholder of the simple joint-stock company will be able to take over the company's assets and its liabilities what will be equivalent to the dissolution of the company but not its liquidation.

A simple joint-stock company may be an attractive form of

economic activity both at the stage of its launch (hence the recommendation for start-ups) and at a later stage in order to facilitate the functioning of the company and faster acquisition of the capital for investments. In addition to establishing new simple joint-stock company, the amended provisions of the Code of Commercial Companies also provide for the possibility of transforming a limited liability company into a new type of company.

In times of rapid changes and flow of information, a simple joint-stock company may turn out to be a form more suited to the needs of certain types of businesses. Although the regulations on a simple joint-stock company enter into force from March 2020, it is worth considering the new type of economic activity and its advantages and disadvantages.

***If you have any questions concerning a Simple Joint-stock Company, its establishment and functioning, please contact RGW at: [biuro@rgw.com.pl](mailto:biuro@rgw.com.pl)***



**Anna Porebska APR**

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