PRESS RELEASE

WOLF THEISS
P. Daszkowski sp.k.
ul. Mokotowska 49
00-542 Warsaw
Poland

T +48 22 378 8900
F +48 22 378 8901
warszawa@wolftheiss.com
www.wolftheiss.com

WOLF THEISS SEES INCREASING RISK OF TAX PENALTIES FOR POLISH BOARD MEMBERS

Warsaw, 5 October 2018 – As Poland has tightened up its tax system over the past few years, the number of criminal proceedings initiated by the tax authorities has been growing, increasing the risk of penalties on individual board members, experts from international law firm Wolf Theiss said at a recent seminar held at its Warsaw offices.

Board members must prepare for the possibility of fines in the millions of złoty or even prison sentences, and the financial penalties may increase further, the lawyers said. While Polish law has long included provisions for holding individual board members responsible in such cases, until recently enforcement has been rare. The new approach began with the 2015 government program to fight economic crimes, which has a particular focus on tax fraud. The penalties under the new laws related to VAT are particularly severe: issuing false invoices whose value exceeds PLN 10 million (approx.. EUR 2.3 million) carries a penalty of up to 25 years' imprisonment.

"The tax administration is increasingly going after individual board members," said Karolina Stawowska, partner and head of the Tax practice in the Wolf Theiss office in Warsaw, during the seminar. "They have new tools, including electronic surveillance of taxpayers' communications, which make it easier for them to identify the individuals responsible for errors and violations. Statistics show the number of proceedings against managers will double this year."

In addition to violations of tax law, board members are also liable for compliance with other business regulations. For example, they are criminally liable if they fail to file a bankruptcy motion on time, engage in corruption or cause substantial damage through neglect of their duties.

"Since many laws include the personal liability of board members, risks can arise from securities regulations, environmental legislation and other laws that board members may not be aware of," said Marcin Asłanowicz, partner and head of Wolf Theiss Warsaw's Dispute Resolution practice.

Taking into account the extensive legal risks, management board members should consider purchasing Directors and Officers (D&O) insurance. While it will not cover tax obligations nor shield against imprisonment, such a policy does protect against damages claims and covers a range of expenses, including costs of criminal and civil court proceedings.

“Management board members are becoming more aware of the risks, and we see increasing interest in insurance products,” said Michał Bensch, deputy CEO of Tribroker, which specializes in D&O insurance.

ABOUT WOLF THEISS

Wolf Theiss is one of the leading European law firms in Central, Eastern and South-Eastern Europe with a focus on international business law. With 340 lawyers in 13 offices located in Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine, Wolf Theiss represents local and international industrial, trade and service companies, as well as banks and insurance companies. Combining law and business, Wolf Theiss develops comprehensive and constructive solutions on the basis of legal, fiscal and business know-how.

For further information please contact:

Marta Niedziałek, MBA
Operations and Marketing Communications Manager

WOLF THEISS
P. Daszkowski sp.k.
ul. Mokotowska 49, 00-542 Warszawa, Polska
Tel.: +48 603 910 062
E-Mail: marta.niedzialek@wolftheiss.com

www.wolftheiss.com