

Doing Business in Poland

REAL ESTATE
GUIDEBOOK FOR FOREIGNERS | 2025





Peter Nielsen & Partners Law Office (PNP Law) is a modern law firm having its registered office in Warsaw, Poland. The origins of the company reach back to 1990 when two Danish advocates decided to start a law firm in Poland to assist Scandinavian investors who were willing to take a risk and explore opportunities in a post-communist country. Since its establishment, the company has gained market recognition as a reliable and efficient advisor.

During 35 years, we have introduced a significant number of foreign companies to the Polish market and we still serve many of them. Over 750 companies from 20 countries have trusted us and benefited from our services. Our team is helpful, each of us speaks English and enjoys working in a multicultural environment. We find practical solutions for our clients within many areas of legal practice.

Our company is a member of several highly esteemed organisations, i.a. the Scandinavian-Polish Chamber of Commerce, Danish Export Association, the Chamber of Commerce and Industry in Katowice, the Chamber of Commerce of Polish Importers, and the European legal network “Eurolegal”. Moreover, we are committed to providing legal assistance to pro bono organisations.

We undertake to provide highly specialised and client-oriented legal assistance within:

- ❖ Real Estate/Construction Law,
- ❖ Foreign Investments,
- ❖ Mergers and Acquisitions,
- ❖ Corporate Law,
- ❖ Labour Law/HR,
- ❖ Tax Law,
- ❖ Energy Law,
- ❖ Bankruptcy and Restructuring Law,
- ❖ Personal Data Protection.

Legal practice areas we also specialize in include:

- ❖ Business Law,
- ❖ Civil Law,
- ❖ Debt Collection,
- ❖ Commercial Litigation,
- ❖ Competition Law,
- ❖ Public/Administrative Law,
- ❖ Intellectual Property Law,
- ❖ European Law.

Real estate law and construction law are among our main legal practices, therefore, PNP Law has prepared this brochure to provide foreign investors who consider entering the Polish market with basic information on Polish regulations within this scope.

For more information, please, visit our website www.pnplaw.pl

You are welcome to contact us by phone or e-mail from Monday to Friday, 9 a.m. – 5 p.m.

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PNP Law - 35 Years of Legal Excellence

As we proudly celebrate the 35th anniversary of PNP Law in 2025, it is with great pleasure that we introduce this edition of our legal guide: *Doing Business in Poland – Real Estate*. Over the past three and a half decades, our firm has had the privilege of advising a wide range of clients – both international investors and domestic enterprises – on the complex and ever-evolving legal landscape of Poland. Our commitment to delivering high-quality legal services has earned us the trust of numerous satisfied clients, many of whom have remained with us throughout our journey. Their continued partnership is the most valuable testimony to the reliability, expertise, and client-oriented approach that define PNP Law.

This guide has been created to provide current and prospective investors with a clear, concise, and practical overview of the legal framework governing real estate in Poland. We cover the most essential issues related to the real estate law, construction regulations, and real estate-related taxation. Whether you are acquiring land, developing commercial property, leasing office space, or navigating permitting procedures, the insights offered here are meant to support your business decisions with a solid understanding of the applicable legal environment.

Commercial Real Estate Market in Poland – 2025 Outlook

Poland continues to be one of the most attractive real estate markets in Central and Eastern Europe, offering strong fundamentals, a strategic location, and resilient economy. In 2025, the commercial real estate sector has shown both stability and evolution, driven by shifts in global investment strategies, ESG imperatives, and changing patterns of work and consumption.

One of the key trends this year is the sustained demand for **logistics and warehouse properties**, particularly in regions with a robust infrastructure and proximity to transport corridors. The dynamic growth of e-commerce and nearshoring of production activities have contributed to high occupancy rates and competitive rental yields in this segment. Developers and investors alike are focusing on sustainable logistics parks, often powered by renewable energy and incorporating smart technologies.

Another area of strong activity is the **premium office space market** – especially in Warsaw, Kraków, and Wrocław. Although hybrid work has affected the way businesses utilize office space, the demand for modern, energy-efficient buildings in prime locations remains high. Tenants are increasingly seeking flexible lease terms and green-certified buildings, which are viewed not only as a cost-saving measure but also as part of broader ESG commitments.

On the one hand, **residential-for-rent sector (Private Rented Sector)** continues its steady growth, particularly in major urban centres where demographic trends, rising housing prices, and changing lifestyle preferences are shaping the market. Institutional investors are showing increased interest in build-to-rent projects, and municipalities are partnering with private capital to address housing shortages.

Retail sector, on the other hand, remains mixed. While traditional shopping centres face continued pressure, **retail parks and mixed-use developments** that combine residential,

office, and retail functions are gaining traction. These developments, designed to create local community hubs, are becoming a preferred model for both developers and municipalities.

Lastly, **sustainable construction and green building certifications** are now standard expectations, not market differentiators. EU legislation, tenant expectations, and access to green financing are all accelerating the transformation of the built environment. Investors who align with these trends will be best positioned for long-term success.

Your Trusted Partner in Real Estate Matters

PNP Law has been at the forefront of these developments, advising clients across every segment of the real estate market. From structuring complex transactions and running administrative procedures to securing permits to optimizing tax structures, our team of lawyers combines legal precision with commercial insight.

We are honoured to have supported a broad range of successful real estate projects in Poland – office buildings, logistics, shopping centres, industrial sites, and residential communities. Our international clients appreciate our ability to bridge local legal requirements with global business standards. Our Polish clients value our deep understanding of the domestic market and regulatory framework.

As the Polish real estate sector continues to evolve, we remain committed to guiding our clients through its opportunities and challenges. We hope this guidebook serves as a useful starting point for your real estate ventures in Poland, and we invite you to reach out to our team at PNP Law for further assistance.

On behalf of our entire firm, thank you for your trust over the past 35 years.

Warm regards,

Mirosław Bik, partner, editor of “Doing Business in Poland – Real Estate”

PNP Law, Warsaw, 2025

DISCLAIMER

“Doing Business in Poland – Real Estate” takes into consideration legal regulations as at 1 July 2025, except when it is stated otherwise in the brochure.

This document is for information purposes only and it cannot be considered as legal advice on any matter. We have carefully examined all issues to ensure that the presented information is credible and up-to-date. However, we do not guarantee the credibility and validity of the material, and we cannot be held liable for any errors or omissions, or for any consequences of using the information. Prior to making any decision or taking any action, you should consult your lawyer.

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I. TYPES OF RIGHTS TO HOLD REAL ESTATE

A real estate in Poland may be primarily held through ownership or perpetual usufruct rights. However, it is also common that a real estate is enjoyed under a tenancy or lease contract. Other rights to a real estate, like usufruct or free-of-charge lending of a real estate for use, are less common in Poland, in particular free-of-charge lending of a real estate for use is not recommended for business relations.

1. Ownership

An ownership right [in Polish: *własność*] in Poland is regulated by the Civil Code and it refers both to movables and real estate.

Generally, the ownership of a real estate entitles an owner to unlimited use and possession of the real estate. An owner may sell the land, exchange it, or donate it to another entity (with certain restrictions regarding agricultural land, cf. section II.3 below). A real estate may be a subject-matter of a mortgage, whereas an ownership right to a real estate is subject to inheritance.

There are three basic categories of real estate that may be held through an ownership right:

- ❖ plot of land,
- ❖ separate ownership of buildings,
- ❖ separate ownership of apartments.

In general, any building or installation developed on a plot of land becomes automatically a part of the real estate and therefore belongs to the owner of the plot. There are, however, two significant exceptions to this rule: separate ownership of buildings (in case of a perpetual usufruct right, cf. section I.2) and separate ownership of apartments.

In a multi-apartment building, each apartment may be a subject-matter of a separate ownership right. In such case, each owner of a separate apartment automatically becomes a co-owner of common areas of the building (common staircases, lobbies, etc.) and of the plot of land, along with owners of other separate apartments.

It should be noted that ownership of land in Poland may be acquired as a result of usucaption. A possessor of a real estate acquires an ownership right if they have used the land in an owner-like manner uninterruptedly for 20 years (if they have been acting in good faith, i.e. they do not know and could not have known they are not a rightful owner) or for 30 years (if they have been acting in bad faith).

2. Perpetual usufruct

A real estate owned by the State Treasury or a local government unit may be let to a natural person or a legal person under perpetual usufruct [in Polish: *użytkowanie wieczyste*]. The State Treasury or a local government unit continues to be a formal owner of land, but the perpetual usufructuary possesses almost all the rights and privileges of a private



owner. In particular, perpetual usufructuaries may sell or donate their perpetual usufruct rights or encumber them with a mortgage. A perpetual usufruct right may also be inherited.

Any buildings or installations developed on a real estate let under perpetual usufruct are owned solely by the perpetual usufructuary.

Perpetual usufruct is usually established for 99 years, and only in special circumstances it may be established for shorter periods, no less than 40 years. Terms and conditions may be added to a perpetual usufruct contract, e.g. a condition that the perpetual usufructuary is obligated to construct a certain building or installation on the land.

A perpetual usufructuary is obligated to pay the real estate owner (i.e. either the State Treasury or a local government unit) an initial fee amounting to 15–25% of the market value of the land when the perpetual usufruct is established, and an annual fee. The annual fee is calculated as a percentage of the market value of the land and, depending on the purpose for which the land is used, the fee is between 0.3% and 3% of the market value. The annual fee may be from time to time adjusted according to the current value of the land.

Within the final 5 years before the end of the perpetual usufruct period, a perpetual usufructuary is entitled to request an extension of perpetual usufruct for another period from 40 to 99 years. The extension may be refused only due to an important public interest.

As of 1 January 2019, every perpetual usufruct right established for housing purposes was transformed into an ownership right. The transformation took place by virtue of law, so perpetual usufructuaries did not have to apply for it in any way. New owners have to pay an annual transformation fee for 20 years, which amounts to a previous perpetual usufruct fee. Alternatively, natural persons can pay an entire fee in a one-off payment and receive a significant reduction (which varies depending on a commune).

For several years now, there has been a growing trend in Polish legislation aimed at phasing out the perpetual usufruct right from the national legal system. This process began as early as 1997. The regulation whereby perpetual usufruct rights to land developed for residential purposes were transformed into full ownership of such land is a clear manifestation of this trend.

On 31 August 2023, a new regulation came into force. Under the new law, for a period of one year from its entry into force, a perpetual usufructuary of land property was entitled to request the sale of the land in their favour. The purchase price was calculated as twenty times the amount resulting from the product of the current percentage rate of the annual perpetual usufruct fee and the value of the land property as determined on the date of conclusion of the sale agreement (in the case of a lump-sum payment). If the payment was made in instalments, the purchase price was twenty-five times that amount.

These regulations were of a temporary nature. However, regulations allowing the sale of land property to its perpetual usufructuary, after the lapse of 10 years from the date of the conclusion of the agreement establishing the perpetual usufruct right, remain in force.

3. Tenancy

In case of tenancy [in Polish: *najem*] of a real estate, a landlord is obliged to allow a tenant to use the premises for a definite or indefinite period, and the tenant is obliged to pay an agreed rent.

A tenancy contract of a real estate or premises for a period longer than one year should be concluded in writing, otherwise it is considered to have been concluded for an indefinite period. Tenancy for 10 years (in case of tenancy between entrepreneurs: for 30 years) is considered to have been concluded for an indefinite period, after the lapse of an agreed definite period. In case of sale of a subject-matter of tenancy, the purchaser enters into rights and obligations of the seller, however, the purchaser is entitled to terminate the contract while observing statutory termination notice periods.

If a period of tenancy has not been specified, both a landlord and a tenant may terminate their tenancy contract while observing a contractual termination notice period. If no termination notice period has been specified, statutory termination notice periods, which depend on payment terms, apply.

If a period of tenancy has been specified, both a landlord and a tenant may only terminate their tenancy contract by notice in the events provided for in the said contract.

There is also a separate form of tenancy of residential premises called institutional tenancy [in Polish: *najem instytucjonalny*]. Institutional tenancy may be used only by entrepreneurs whose scope of business activity is tenancy of residential premises. This type of a tenancy contract protects a landlord in a better way, allowing that the vacating of premises may be enforced in case of contract termination, without the need to provide social housing. The institutional tenancy contract may be concluded only for a definite period and it must be signed in writing, otherwise it is null and void. The institutional tenancy contract is accompanied with a tenant's

statement made in the form of a notarial deed, whereby the tenant submits themselves to execution proceedings and undertakes to vacate and release the premises used under the institutional tenancy contract on the date specified in a request to vacate the premises.

4. Lease

Under a land lease [in Polish: *dzierżawa*] contract, a lessor is obliged to provide a lessee with a subject-matter of lease to use and collect profits, for a definite or indefinite period. Due to the factor of collecting profits, a lease contract is commonly used to lease agricultural land. Collecting profits is also a factor which determines a key difference between lease and tenancy.

A lessee should exercise their right in accordance with requirements of proper management and may not change the purpose of a leased object without lessor's consent. Lease for a period longer than 30 years is considered to have been concluded for an indefinite period, after the lapse of 30-year period.

In case of a lease contract, the law provides that if, as a result of circumstances not attributable to the lessee, usual income from the subject of lease has significantly decreased, the lessee may request a reduction in the rent for a given period.

If conditions for rent payment have not been determined in a contract, the rent is payable in arrears, on the date customarily accepted, and in the absence of such custom, semi-annually in arrears. In the absence of different provisions in a contract, lease of agricultural land may be terminated with a 1-year termination notice at the end of a lease year, and any other lease contract with a 6-month termination notice at the end of a lease year.

5. Usufruct

A real estate may be burdened with usufruct [in Polish: *użytkowanie*], which is a right to use and collect profits. It is the broadest proprietary right and, as such, the biggest burden on the ownership of a real estate.

Usufruct is a specific entitlement and may be limited by exclusion of specific profits and, if established on a real estate, it may be limited to specific part(s) of the real estate. Usufruct is a non-transferrable right, and it may generally be established with a contract. This limited proprietary right may be established for a definite or indefinite period, either against remuneration or as a gratuitous benefit. Parties to usufruct may be natural persons or legal entities, including agricultural production cooperatives.



II. ACQUISITION OF REAL ESTATE



1. General Description of Process of Acquisition of Real Estate

Usually, a transaction is preceded by searching real estate options and shortlisting them. Regardless of the fact whether a real estate is an undeveloped plot of land, a warehouse, or an apartment in a city centre, it is recommended that the legal analysis of the real estate be performed prior to making a decision to purchase it. Such analysis should include verification of land and mortgage registers, the Land and Buildings Records, a local zoning plan, as well as checking the contract whereby the previous owner has acquired the real estate. In certain cases, technical and environmental check of a real estate is necessary.

Preparation to a transaction should include a stage of collecting documents concerning the real estate. Some documents are publicly available; some may be provided by the seller. Excerpts from land and mortgage registers, the Land and Buildings Records, a local zoning plan and documents of acquisition of the real estate by the seller should be delivered before the transaction.

In case of an industrial real estate, the documentation may be quite extensive and include a wide variety of documents ranging from a confirmation of payment of the real estate tax to environmental matters.

Certain legal actions may be carried out before the purchase. The most typical one is conclusion of a preliminary sale contract. Such contract comprises a promise to conclude a sale contract. It should determine the key provisions of the final contract and usually specifies a date by which the final contract should be concluded.

A preliminary contract is typically executed in writing or in the form of a notarial deed. In the latter case, a person who has concluded such contract may demand conclusion of the final contract before the court. Usually, such contract also includes collaterals, like a non-refundable advance payment, voluntary submission to execution proceedings. Furthermore, a preliminary sale contract usually describes the events which, if happen, cause that the contract ceases to bind the parties, e.g. a negative bank decision with regard to granting a loan to pay the price of a real estate.

On the day the sale contract is to be concluded, the parties (or their legal representatives) should meet at a notarial office, as sale of an ownership right or a perpetual usufruct right to a real estate requires the form of a

notarial deed, otherwise the transaction is invalid. Notarial deeds are a specific legal form of documenting legal transactions, and their purpose is to secure such transactions to a maximum, as notarial deeds are executed by notaries who are qualified lawyers.

The sale contract may also be concluded by proxies of the parties, if the latter may not conclude the contract personally. However a power of attorney to sign the real estate sale contract must also be executed in the form of a notarial deed.

The contents of a sale contract, apart from a detailed description of a real estate and its price, should reflect the arrangements of the parties, therefore, the contents vary from case to case.

Finally, after signing the sale contract, the seller releases the real estate and relevant documentation to the buyer. This is also the moment when the parties sign a hand-over record, and the real estate is officially in the hands of the new owner.

After the transaction is completed, the notary files a request for the buyer's ownership right to the real estate to be entered into a relevant land and mortgage register.

2. Acquisition of Real Estate by Foreigner

Pursuant to the law, a foreigner is defined as:

- ❖ a natural person not possessing Polish citizenship,
- ❖ a legal person having its seat abroad,
- ❖ a partnership with its seat abroad, established by natural and/or legal persons described above in accordance with the law of a foreign country,
- ❖ a legal person or a partnership having its seat in Poland, controlled directly or indirectly by a foreigner(s).

A foreigner acquiring an ownership right or a perpetual usufruct right to a real estate is required to obtain a permit from the Minister of Internal Affairs. The same is required of a foreigner who acquires or takes up shares in companies based in Poland that are owners or perpetual usufructuaries of real estate located in Poland.

In order to obtain the permit, a foreigner must submit a relevant application.

The Minister of Internal Affairs issues the permit upon a foreigner's application if such acquisition of a real estate by the foreigner does not pose any risk to state defence, security or public order, and the foreigner proves their relations with Poland.

The circumstances confirming foreigner's ties with Poland may include in particular:

- ❖ Polish nationality or Polish origin,
- ❖ marriage with a Polish citizen,
- ❖ permanent or temporary residence permit,
- ❖ membership in a managing body of a company registered in Poland.

A permit is valid for two years from the issue date. A sale contract should be concluded and executed within that time limit.

At present, the limitations regarding acquisition of real estate do not apply to citizens or entrepreneurs from the European Economic Area states (i.e.: EU member states, Norway, Iceland, and Liechtenstein) and from Switzerland. Citizens and entrepreneurs of those countries are allowed to acquire real estate in Poland and shares in companies that are owners or perpetual usufructuaries of real estate in Poland pursuant to legal rules similar to those applicable in the case of acquisition of real estate and/or shares by Polish citizens or companies.

Apart from the general exemption related to citizens or entrepreneurs from the European Economic Area states, the law provides also for other exceptions to the obligation to obtain a permit, i.a.:

- ❖ acquisition of residential premises,
- ❖ acquisition of a real estate that will be joint marital property, by a foreigner whose spouse is a Polish national and who has been residing in Poland for at least two years from the issuance of a permanent residence permit,
- ❖ acquisition of a real estate by a foreigner who has been residing in Poland for at least five years from the issuance of a permanent residence permit,
- ❖ acquisition of a real estate by a foreign bank that is a mortgagee, after an ineffective auction under execution proceedings.

3. Acquisition of Agricultural Real Estate

Polish regulations provide for specific restrictions on acquisition of agricultural real estate. The restrictions apply to both ownership rights and perpetual usufruct rights to agricultural real estate. No restrictions apply only to a small agricultural real estate with an area smaller than 0.3 ha or to a real estate that serves as an internal road.

As a rule, only a full-time farmer may acquire an agricultural real estate.

A full-time farmer is understood as an individual who is an owner, perpetual usufructuary, owner-like possessor or lessee of an agricultural real estate with a total area of no more than 300 ha of arable land. In addition, a full-time farmer must be appropriately qualified, have resided for at least 5 years in the commune where one of the agricultural real estate properties being

part of his/her agricultural farm is located, and have personally run the farm during that time.

Apart from full-time farmers, an agricultural real estate may also be acquired i.a.: by seller's close relatives, local government units, the State Treasury, church legal persons, national parks for the purposes related to environmental protection, as well as persons and entities who become owners as a result of inheritance or specific bequest or restructuring proceedings within the financial recovery proceedings or by merger, demerger or transformation of a company.

In all other cases, a consent of the Director General of the National Centre for Support of Agriculture is required. The consent is issued at seller's request if all of the following conditions have been met:

- ❖ the seller demonstrates that there has been no possibility for the agricultural real estate to be acquired by full-time farmers;
- ❖ the purchaser undertakes to carry out agricultural activity on the acquired estate;
- ❖ the acquisition of the real estate does not cause an excessive concentration of arable land.

The consent may also be issued at a request of the purchaser who is an individual intending to establish a family agricultural farm, who meets the requirements set forth in the law regarding individual farmers, and who will undertake to reside in the commune where one of his/her agricultural real estate properties is located.

The Polish law also provides that, in the case of the sale of an agricultural real estate, the statutory pre-emption right is granted to the lessee of the land provided that the lease agreement was concluded in writing, bears a certain (verifiable) date, has been performed for at least three years from that date, and the agricultural real estate to be sold forms part of the lessee's family farm.

However, if the real estate is not subject to a lease, or if the lessee does not exercise its pre-emption right, the statutory pre-emption right is granted to the National Centre for Support of Agriculture, acting on behalf of the State Treasury.



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The regulations on the pre-emption right in favour of the National Centre for Support of Agriculture do not apply in cases where the buyer of an agricultural real estate is, among others, a close relative of the seller or when the acquisition is made with a prior consent of the Director General of the National Centre for Support of Agriculture, as referred to above.

It should also be noted that in the case of transfer of shares in a company that is an owner or a perpetual usufructuary of agricultural real estate exceeding 5 ha, the law provides also for limitations in the form of a pre-emption right for the State Treasury or a buy-out right in the case of transfers other than sale of such shares.

4. Developer Agreement in Poland

The acquisition of newly-built residential units in Poland is stringently regulated under the law, which imposes numerous obligations on developers and aims to protect consumers in these transactions. A central element of this legal framework is a developer agreement, which is required in all consumer sales of residential units under construction.

The developer agreement is a bilateral contract whereby the developer undertakes to construct a residential property and subsequently transfer its ownership to a buyer being a consumer. In exchange, the buyer agrees to pay the purchase price, often in instalments tied to construction progress stages.

Crucially, the agreement must be concluded in the form of a notarial deed. Moreover, upon execution, a claim for transfer of ownership is recorded in the land and mortgage register. These mechanisms ensure that the consumer's rights are protected throughout the construction process.

The requirement to conclude a developer agreement applies exclusively to transactions involving consumers and newly-built residential properties. The law does not extend this requirement to commercial buyers or the secondary market.

Prior to the execution of a developer agreement, the developer must provide the buyer with an information prospectus. This document is designed to enable informed decision-making by outlining essential legal, technical, and financial data related to the development project.

The prospectus provides both general information on the project as well as unit-specific section that refers only to the unit that is subject of

development and sale. The prospectus covers the following information i.a.: on legal title to the property, developer's data and its previous experience, project implementation timeline and information on the utilities and infrastructure pursuant to the zoning plan. In the prospectus it is obligatory to provide also: the size of a unit and its location in the building, the price per square meter and a total price, the fixtures and fitting of the unit and a handover schedule. It is mandatory to attach to the prospectus: a draft developer agreement, zoning documentation for the area where the building is to be developed, as well as a plan of the unit.

To minimize the financial risks borne by consumers, the Polish law requires that developers establish dedicated bank escrow accounts into which all buyer payments must be made.

There are two types of escrow accounts: open escrow accounts, from which the payments are released to the developer in tranches aligned with construction progress, and closed escrow accounts, from which payments are disbursed only upon full completion of the development and the transfer of ownership.

Upon successful completion of the development and receipt of an occupancy permit, the parties proceed to sign a final agreement on the transfer of ownership. This agreement is also executed in the form of a notarial deed.

Before the developer agreement is signed, buyers often conclude reservation agreements. These must be concluded in writing and may require a reservation fee, which cannot exceed 1% of the price of a unit. If the buyer is unable to obtain mortgage financing, the reservation fee is refundable.

The Polish law has been recently amended and additional duties have been introduced as of 2025 that aim at increasing transparency and consumer confidence in the residential property market. Developers are now obligated to publish the prices of available residential units on their websites. The listings must include i.a. the total price of a unit and the price per square meter. In addition to public disclosure, developers must report all prices to the Ministry of Digital Affairs. This centralized data collection aims to enhance governmental oversight and enable more accurate market analyses.

III. SOURCES OF INFORMATION ON REAL ESTATE

Official information on real estate in Poland can be found in several public registers and acts of local law. The legal status of land can be determined in the Land and Mortgage Registry. Information on the type of land, its exact size and specific physical data of a real estate (e.g. types of soil) can be found in the Land and Buildings Records. Purposes for which land can be used and conditions of its development are established by local government units and specified in local zoning plans.

1. Land and Mortgage Registry

The Land and Mortgage Registry [in Polish: *księgi wieczyste*, abbreviation: *KW*] is the main source of information on the legal status of real estate properties in Poland. The files of the Registry are kept by specialised departments of district courts.

The Land and Mortgage Registry is publicly available and pursuant to the law, no person can claim ignorance of entries in the Registry. The Registry can be accessed online at <https://ekw.ms.gov.pl/>. One can also review physical files of a land and mortgage register in court – however, this requires that a legal interest in accessing those files be proved to the court (e.g. an ownership right to land or a consent of a landowner for such examination).

Entries in each land and mortgage register are divided into four sections:

- ❖ Section one – designation of a real estate and entries of rights appurtenant to the real estate;
- ❖ Section two – ownership and perpetual usufruct;
- ❖ Section three – limited property rights, restrictions on disposal of the real estate, other rights and claims;
- ❖ Section four – mortgages.

It is legally assumed that an entry in a land and mortgage register is correct unless proven otherwise, and therefore an excerpt from a land and mortgage register constitutes a legal proof of facts indicated in it.

Pursuant to the Polish law, the Land and Mortgage Registry enjoys a public credibility warranty. This means that any person who concludes a contract with the person entered in the Registry as an owner of land acquires the real estate even if the factual status of the land is different than that entered in the Registry.

Annotations entered in a land and mortgage register indicate that a new application has been filed and is pending review. The annotations serve as a warning to third parties that the legal status of the real estate may soon change. Importantly, once an annotation has been entered, it excludes the public credibility warranty of the entries in the land and mortgage register. In practice, this means that anyone acquiring rights to the real estate after such annotation has been entered, does so at their own risk. Therefore, it is essential to always verify whether any annotations exist in the land and mortgage register before concluding a transaction.

In practice, a land and mortgage register is the main document proving the rights to a given real estate.

2. Land and Buildings Records

The Land and Buildings Records [in Polish: *ewidencja gruntów i budynków*], also known as the real estate cadastre, is a uniform, systematically updated set of information on land, buildings and premises, their owners or persons who possess them. Information disclosed in the Land and Buildings Records is of a technical and declaratory nature, and is intended to present the current legal status of a real estate.

The scope of information included in the Land and Buildings Records partially overlaps the scope of information included in the Land and Mortgage Registry but the former is generally more comprehensive than the latter because it includes information about i.a. the location of land, its boundaries and area, types of land, designation of land and mortgage registers. In the case of buildings, the information includes their location, purpose, operational functions, and general technical data. And in the case of premises, the information includes their location, utility functions, and usable floor space.

In addition, the Land and Buildings Records also include i.a. the names of property owners, and their addresses.

Although the information contained therein is public, the information from the Land and Buildings Records is issued, in the form of excerpts, maps, and copies of documents, at a request of i.a. real estate owners, or other persons and entities as long as they demonstrate that they have a legal interest in this regard.

3. Local Zoning Plan and Decision on Terms and Conditions of Development

A local zoning plan is a legal act adopted by a local government – it is a basic document that presents information about what the neighbourhood is like nowadays and how it will develop in the years to come. It also determines an intended use of land, including public purpose projects, and specifies land development methods and conditions.

Every time a project is planned to be carried out on a given real estate, it is necessary to verify such possibilities in the local zoning plan.

A local zoning plan provides useful and detailed information about a real estate and a neighbouring area, informs about possibilities and limitations for an intended project, and shows how issuance of or modification to the local zoning plan can affect our current business activity.

As an example, the following can be learnt from a local zoning plan:

- ❖ principles of protection and shaping of spatial order;
- ❖ principles of environmental, nature and landscape protection;
- ❖ rules for the protection of cultural heritage and monuments;
- ❖ principles of shaping buildings and land development indicators (e.g. maximum building height, minimum number of parking spaces, etc.);
- ❖ special conditions of land development and restrictions on land use, including the prohibition of building development.

Local zoning plans are kept by municipalities. Municipalities are responsible for adoption of the plans and for issuing documents

(excerpts and maps) from the local zoning plans related to a given real estate. Local zoning plans are public and anyone can obtain excerpts and maps from the local zoning plan related to a particular real estate, without having to prove their legal interest.

In 2023, Poland introduced a far-reaching amendment to the regulations on zoning that is to improve spatial order and provide greater predictability for development projects. The central point of this reform is the introduction of a new planning instrument – a master plan [in Polish: *plan ogólny*], which will replace the previously used study of the conditions and directions of zoning [in Polish: *studium uwarunkowań i kierunków zagospodarowania przestrzennego*]. Unlike the former study, which was non-binding legally, the master plan will constitute a binding legal act and form the basis for both the adoption of local zoning plans and the issuance of decisions on terms and conditions of development [in Polish: *decyzja o warunkach zabudowy*].

Importantly, the master plan will be mandatory for each municipality and will have to be adopted through a formal resolution of the municipal council. Without the master plan in place, municipalities will not be allowed to adopt new local zoning plans or issue new decisions on terms and conditions of development after a transition period expires.

The reform also introduces the obligation for every municipality in Poland to adopt a municipal development strategy [in Polish: *strategia rozwoju gminy*], setting out long-term socio-economic and zoning goals and linking them to national and regional strategies. The strategy will provide a long-term planning horizon (typically 10–15 years) and ensure that municipal planning efforts are coordinated, consistent, and transparent.

Originally, under the 2023 reform, municipalities were required to adopt master plans by 31 December 2025. However, due to the significant complexity of the planning process, capacity constraints at the local level, and the need to coordinate with higher-level strategic documents, the Polish legislator enacted further amendments in 2025 that postponed the deadline for adoption of master plans to 30 June 2026.

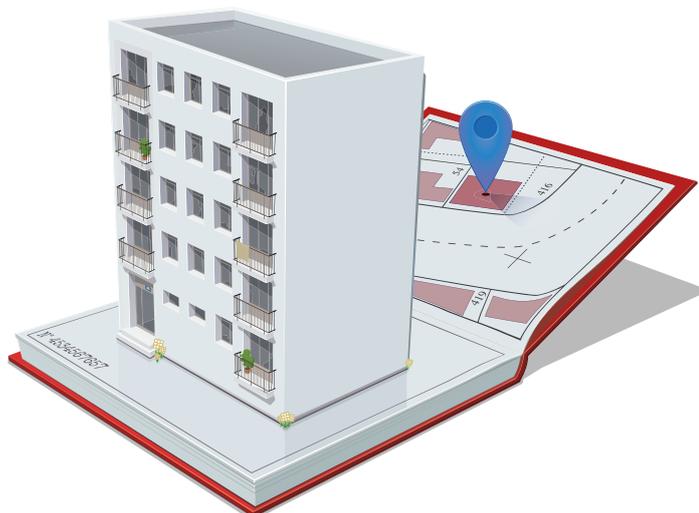
Pursuant to the regulations of law still remaining in force, if no local zoning plan has been adopted for a given area, the above arrangements related to permitted development and use of a real estate are specified in a decision on terms and conditions of development. Decisions on terms and conditions of development are issued by heads of municipalities or cities, as municipalities decide on planning and managing the space also in relation to the areas for which no local zoning plans have been adopted. Decisions are issued after the authority makes arrangements with other relevant authorities (e.g. a cultural heritage protection officer in relation to areas or objects under protection, etc.). It is worth noting that anyone can apply for a decision on terms and conditions of development, and in fact future investors often do exactly that before they purchase the relevant real estate.

Along with the introduction of the master plan, the 2023 reform also brought substantial changes to the legal regime governing decisions on terms and conditions of development. These administrative decisions have long played a key role in enabling development in areas not covered by local zoning plans, often referred to as “blank spots” in the Polish zoning system.

As for now, decisions on terms and conditions of development are not time-limited and are often used by investors as a flexible planning tool, sometimes to the detriment of coordinated and sustainable urban development.

The 2023 reform seeks to decrease the overuse of decisions on terms and conditions of development by tying them directly to the master plan, because new decisions on terms and conditions of development must be consistent with the land use designations defined in the master plan. Moreover, decisions on terms and conditions of development will be valid for five years from the date they become final, unless a building permit is obtained during that period.

Municipalities also keep registers of issued decisions on terms and conditions of development, and anyone may apply for information from such a register.



IV. GENERAL INFORMATION ON CONSTRUCTION PROCESS

The construction process can be divided into the following phases:

- ❖ preparatory phase,
- ❖ designing and obtaining necessary administrative decisions,
- ❖ project realisation,
- ❖ commissioning.

During the preparatory phase, lawyers should verify the legal status of a real estate (e.g. verify ownership status in the land and mortgage register, analyse a local zoning plan, if issued) as well as other legal acts and decisions. Architects should verify an access to utilities (e.g. electricity, water, gas) and possible environmental issues. This is a phase when construction works contracts are negotiated and concluded.

The next phase focuses on preparation of a construction design and applying for all necessary administrative decisions. If no local zoning plan has been adopted for the area where the real estate is located, it is obligatory to obtain a decision on terms and conditions of development, and that decision must be issued before a building permit can be applied for.

Certain projects require also that a decision on environmental conditions be issued and an environmental impact assessment of the project or a Natura 2000 area impact assessment of the project be made.

A building permit is issued after the investor has obtained all necessary approvals, permits or opinions from other authorities, as provided for in regulations of law, and a construction design has been approved by an architectural and building administration.

A building permit may contain an obligation, imposed by an architectural and building administration authority on the investor, to appoint an investor's supervision inspector, as well as other obligations.

It should be noted that a building permit is not always obligatory and in certain cases only a notification on development or execution of other construction works should be made.

The project realisation phase is the actual development process. The investor is obliged to organise the process. Moreover, the investor's duties comprise monitoring and supervision of the development, and those duties are usually fulfilled by an investor's supervision inspector.

The building object may be commenced to be used after the building supervision authority has been notified of the completion of the construction, as long as the said authority has not raised any objections. However, in some circumstances, prior to commissioning a building object, it is necessary to obtain a final decision containing a permit to use.

As of mid-2025, legislative work is underway to amend the Polish construction law, with the main objective of simplifying and expediting the building process. The planned changes aim to reduce the bureaucratic burden on investors, enhance legal clarity, and respond to the growing need for flexibility in managing construction projects.

One of the key directions of the proposed amendment is a significant expansion of the catalogue of structures and construction works that do not require a building permit or even a formal notification to the administrative authority. This shift reflects a broader governmental strategy to accelerate private and public construction projects by removing administrative bottlenecks, particularly in the context of small-scale or standardized buildings.

Additionally, the draft introduces several new legal definitions, such as "residential building", "multi-family residential building", "public utility building", and "agricultural development", which are intended to eliminate long-standing ambiguities in the interpretation of the law and provide a more precise legal framework. These terms, currently found in the Regulation of the Minister of Infrastructure, will be embedded directly in the act of law for greater legal certainty.

The amendment also proposes a greater flexibility in the application of technical and sanitary regulations and introduction of the so-called yellow card mechanism, which is set to provide a more flexible response from building control authorities in cases of unlawful but rectifiable construction deviations. The amendment provides that if an investor commits a significant deviation from the approved project documentation without obtaining the required administrative approval, the building control authority will issue a formal warning (a "yellow card") before initiating formal administrative proceedings. This mechanism is designed to allow the investor a defined period to correct the irregularity and bring the construction project into compliance with applicable regulations. Only if the investor fails to address the issue within the allotted time will the authority initiate the standard procedure. Currently, any such unlawful change immediately triggers a burdensome and potentially costly administrative proceeding, regardless of whether the deviation is promptly corrected. The new rule therefore prioritizes voluntary compliance and proportionality in enforcement, relieving the administrative burden on both investors and public authorities.

The proposed changes are expected to come into effect in 2026, coinciding with the planned coming into force of a new ordinance on technical requirements for buildings.



V. TAX MATTERS

1. Real Estate Tax

The real estate tax in Poland is a local tax levied by municipalities and it is paid by owners, perpetual usufructuaries or owner-like possessors of real estate.

The following are subject to taxation with the real estate tax:

- ❖ lands (except agricultural lands and forests that are subject to different taxes),
- ❖ buildings or their parts (e.g. premises),
- ❖ non-building structures or their parts associated with conducting business activity.

The tax rates vary depending on a municipality. The tax rates are determined by resolution of a municipal council, taking into account the upper limits of rates announced annually by the Minister of Finance. In the case of the land, buildings and their parts (premises), the tax amount is the product of the area / floor space and the applicable tax rate.

In the case of non-building structures [in Polish: *budowla*], the tax depends on their value, and the tax rate is 2% of that value. Since 2025, the legal definition of a non-building structure has been amended in response to long-standing interpretative inconsistencies between local authorities and taxpayers regarding the classification of certain objects as either buildings or non-building structures. Taxpayers have consistently sought to have their properties classified as buildings, given the more favourable taxation method – based on floor space – compared to the *ad valorem* taxation applicable to non-building structures. Currently, non-building structures cover five distinct categories of objects developed through building works: (1) any non-building structure, along with its installations that enable its intended use listed in an annex to the Local Taxes and Charges Act; (2) parts of industrial or energy facilities such as wind, solar, nuclear, and biogas plants, or ski lifts and cable cars, but only their building elements; (3) construction devices like connections and installations (e.g. wastewater systems) essential for use of a non-building structure mentioned under (1); (4) other technical devices, but only their building elements; and (5) foundations for machinery or technical devices constructed as technically separate parts.

Although the legislative amendment was intended to resolve these ambiguities, it has only partially clarified the existing interpretative disputes. The amendments were based on established administrative court judgements and resulted in the introduction of a non-exhaustive list of objects classified as non-building structures. The energy sector was particularly affected, as many installations were deemed to fall within the scope of the new definition, leading to increased tax burdens for businesses operating in that industry. We recommend seeking advice from Polish tax advisors in relation to the real estate tax on non-building structures in order to properly classify them for tax purposes.



2. Tax on Goods and Services (VAT)

The Polish regulations on the tax on goods and services (VAT) are based on the EU legislation. It means that the principles of VAT taxation in Poland are in many cases the same as in other EU member states. Basic transactions subject to VAT are supplies of goods and supplies of services made in Poland. In some situations also free-of-charge supplies of goods or services can be subject to VAT.

As a rule, the sale of a real estate is subject to VAT at a rate of 23%. However, housing real estate properties with usable floor space of up to 150 m² (for living accommodations) and 300 m² (for single-family apartment buildings) are taxed at a rate of 8%.

Certain transactions are VAT exempt, and in such case, the tax on civil law transactions applies.

3. Tax on Civil Law Transactions

Sale of a real estate located in Poland may be subject to the tax on civil law transactions [in Polish: *podatek od czynności cywilnoprawnych*]. The tax rate is 2% of the real estate's market value.

The tax on civil law transactions in the case of sale of a real estate is due unless the transaction is subject to VAT. The tax on civil law transactions is paid by a purchaser and it is collected by a notary who executes a sale deed.

4. Income Taxes (PIT & CIT)

The income earned from the transfer of a real estate located in Poland is taxed in Poland. If the income is gained by natural persons, it is taxed with the personal income tax (PIT), whereas if it is gained by companies or other entities, it is taxed with the corporate income tax (CIT).

The basis of an income tax is the difference between what a taxpayer has earned on the sale of an estate and the expenses they incurred to acquire it.

In the case of PIT, the tax rate is 19%, but it is charged only if a real estate is sold before the lapse of 5 years from the end of the calendar year in which the real estate was acquired or developed, or if a real estate is sold within the scope of business activity.

In the case of CIT, the basic rate is also 19%, but taxpayers whose revenues do not exceed EUR 2,000,000 are subject to 9% CIT rate under certain conditions.

As the tax regulations include certain tax exemptions, each transaction should be examined by legal and tax advisors.

5. Income Tax on Commercial Estate

The Polish law provides for an additional income tax (income tax on commercial estates) which is due on certain commercial estates (fixed assets). The tax is applicable with regard to office buildings, shopping malls, department stores, and other retail and service buildings that are leased out, with an initial value of these buildings of more than PLN 10 million. The value of PLN 10 million regards all buildings of a given taxpayer or, in certain

circumstances, all buildings owned by a certain taxpayer and its related parties. The tax is payable on a monthly basis and the rate is 0.035% of the revenue from lease of these buildings decreased by PLN 10 million. The tax so calculated reduces the standard CIT paid by the taxpayer.

6. Real Estate Company

Companies whose main assets – either directly or indirectly – is a real estate located in Poland with value in excess of PLN 10 million, and which primary source of revenue is related to this real estate (such as rental, lease, or sale), are granted a special status of real estate companies [in Polish: *spółka nieruchomościowa*].

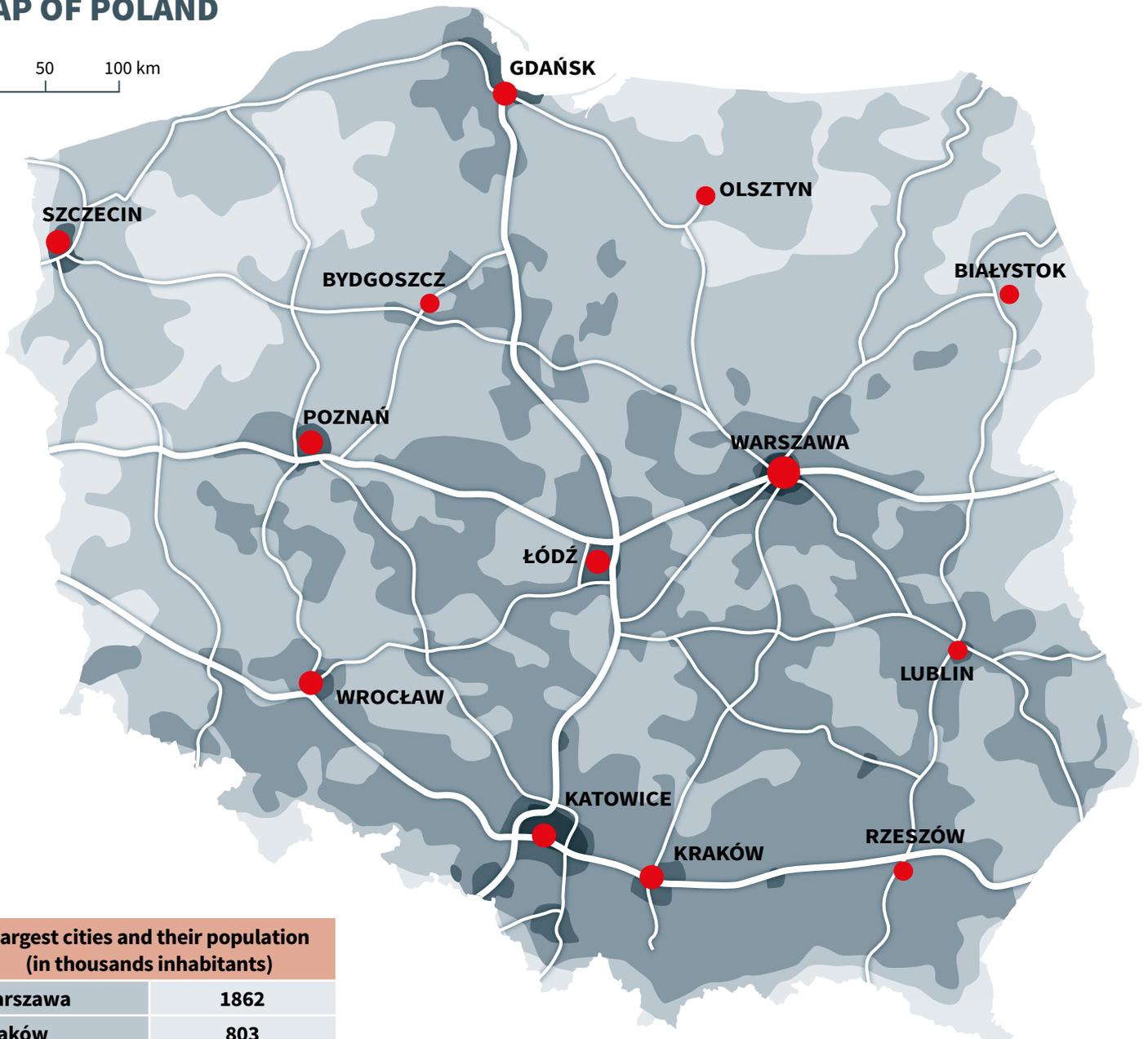
When a shareholder of a real estate company is a foreign entity and disposes of at least 5% of its shares (stocks or other comparable rights) in a given year, the real estate company is obliged, acting as a withholding agent, to withhold 19% CIT and remit it to a competent tax office. The shareholder, as the taxpayer, is required to provide tax amount to the real estate company. Consequently, a real estate company bears the responsibility for the correct calculation, collection, and payment of the tax.

Moreover, real estate companies and their shareholders are subject to an additional annual reporting obligation to the tax authorities. In cases where a real estate company has its registered office or place of management outside the EU, it is also required to appoint a tax representative who is jointly and severally liable for the real estate company's obligations as a withholding agent in connection with the taxation of share disposals by the shareholders of such company.



MAP OF POLAND

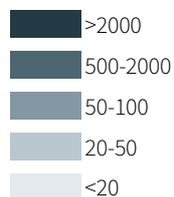
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**Largest cities and their population
(in thousands inhabitants)**

Warszawa	1862
Kraków	803
Wrocław	674
Łódź	661
Poznań	543
Gdańsk	486
Szczecin	393
Lublin	332
Bydgoszcz	332
Białystok	293
Katowice	281

Number of inhabitants per 1 km²



Total population	37.63 million
Land area	312,685 km²

Source: Central Statistical Office in Poland (GUS), 2023



Peter Nielsen & Partners Law Office is a modern law firm having its registered office in Warsaw, Poland. Since its establishment in 1990, it has gained market recognition as a reliable and efficient advisor. We find practical solutions for our clients within many areas of legal practice. We undertake to provide highly specialised legal assistance within: real estate market/construction law, foreign investments, mergers and acquisitions, labour law/HR, tax law, energy law, litigation and dispute resolution, bankruptcy/restructuring, debt collection, as well as corporate law. For more information, please, visit our website www.pnplaw.pl

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