

Changes to social insurance laws

January 7, 2015

Mandatory insurance for members of supervisory boards

Starting from January 1, 2015, members of supervisory boards will join the group of persons subject to mandatory retirement and disability pension insurance. This new development is brought about by the Act of October 23, 2014 on Amendments to the Act on the Social Insurance System and Selected Other Acts.

What will change?

Until now, members of supervisory boards were only required to take out health insurance, but under the new regulations, all those receiving remuneration for serving on supervisory boards will also be subject to mandatory retirement and disability pension insurance. The insurance premiums will have to be paid for the period from the date of appointment to the supervisory board to the date when a person ceases to sit on the board. This period only commences, however, on the date when a board member begins to perform his/her board duties in return for remuneration.

It is important to note that retirement and disability pension insurance will be mandatory for supervisory board members even when they are subject to this insurance for other reasons (as under an employment relationship or a mandate agreement) or if they are already collecting retirement or disability pensions. Members of supervisory boards will continue to be exempted from illness and accident insurance.

The basis for the assessment of insurance contributions

The social insurance contributions will be assessed based on the revenue received by supervisory board members in consideration of the performance of their duties in this capacity. The contributions shall be paid by the supervisory board's parent entity (company).

The annual basis for the assessment of insurance contributions due from supervisory board members shall be restricted to thirty (30) times the expected average monthly remuneration in the given calendar year; this cap in 2015 is expected to stand at PLN 118,770.

Contributions to the Labor Fund

Entities with supervisory boards will also be required to pay contributions to the Labor Fund for their supervisory board members if the monthly basis for the assessment of their retirement and disability pension insurance contributions is equal to or exceeds the legal minimum wage (which is to be PLN 1,750 in 2015). Upon reaching a certain age (55 for women and 60 for men), members of supervisory boards will become exempt from the duty to pay these contributions.

The consequences

The changes described above may lead to decreases in the remuneration paid to members of supervisory boards. This may be prevented by grossing up their remuneration by the relevant amount of the social insurance contributions payable on this remuneration.

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