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# The Future of Supported Employment Establishments in Poland as a Social Enterprises for People with Disabilities<sup>3</sup>

## Summary

Taking responsibility for creating economic order and ensuring equal opportunities for everyone are contemporary slogans adopted as mottos in politics and the economy. Since 1997, there have been supported employment establishments in Poland, dealing with professional and social activation of disabled people. Despite the implementation of the solidarity dimension of the social economy, the number of these entities, classified as social enterprises, is decreasing every year. Therefore, it was decided that the purpose of the research would be to describe the procedures for obtaining the status of a sheltered employment establishment, the principles of its maintenance and the identification of benefits. As a result of the application of research methods, i.e. literature analysis, legal acts and a case study, the hypothesis was positively verified that obtaining the status of a protected employment establishment and running an enterprise with a given status requires meeting many conditions, but brings benefits to both employers and employees, including financial. The study discusses the collection and use of the Company Fund for Rehabilitation of Disabled Persons (CFFRODF). The impact of changes in tax regulations on the collection of funds from Company Found in 2022 was simulated. The results of the research show numerous obligations that are incumbent on employers, but also the possibility of increasing the value of enterprises thanks to the adaptation of jobs to the specificity of employees and the possibility of leaving funds from the entity's self-financing. The conclusions of the research focus on the area of unfavorable legal changes regulating the principles of operation and financing of plant operations. Changes in tax regulations that took place in 2022 will reduce the financial resources necessary to help disabled employees by almost 70%, which will negatively affect the number of enterprises with the status of sheltered employment.

## Keywords:

social economy, protected labor market, disabled people, accounting, taxes

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# Przyszłość zakładów pracy chronionej w Polsce jako przedsięwzięć społecznych dla osób niepełnosprawnych

## Streszczenie

Przyjęcie odpowiedzialności za tworzenie ładu gospodarczego i zapewnienie równych szans każdemu to współczesne hasła przyjmowane w polityce i gospodarce za motta. Od 1997 r. istnieją w Polsce zakłady pracy chronionej zajmujące się aktywizacją zawodową i społeczną osób niepełnosprawnych. Pomimo realizowania solidarnościowego wymiaru ekonomii społecznej liczba tych podmiotów, zaliczających się do przedsiębiorstw społecznych, z roku na rok maleje. Dlatego postanowiono, że celem badań będzie opisanie procedur pozyskania statusu zakładu pracy chronionej, zasad jego utrzymania oraz identyfikacja korzyści z ich prowadzenia. W wyniku zastosowania metod badawczych, tj.: analizy literatury, aktów prawnych i studium przypadku, pozytywnie zweryfikowano hipotezę, że pozyskanie statusu zakładu pracy chronionej i prowadzenie przedsiębiorstwa z nadanym statusem wymaga spełnienia wielu warunków, ale przynosi zarówno pracodawcy, jak i pracownikom korzyści, w tym finansowe. W opracowaniu omówiono gromadzenie i wykorzystanie Zakładowego Funduszu Rehabilitacji Osób Niepełnosprawnych (ZFRON). Dokonano symulacji wpływu zmian przepisów podatkowych na gromadzenie środków ZFRON w 2022 r. Wyniki badań prezentują liczne obowiązki, które spoczywają na pracodawcach, ale i możliwość podnoszenia wartości przedsiębiorstw dzięki dostosowaniu miejsc pracy do specyfiki pracowników i możliwości pozostawienia środków pochodzących z samofinansowania podmiotu. Wnioski z badań koncentrują się w obszarze niekorzystnych zmian prawnych, regulujących zasady funkcjonowania i finansowania działalności zakładów. Zmiany przepisów podatkowych, jakie miały miejsce w 2022 r., ograniczą środki finansowe niezbędne na pomoc pracownikom niepełnosprawnych prawie o 70%, co wpłynie negatywnie na liczebność przedsiębiorstw posiadających status pracy chronionej.

## Słowa kluczowe:

ekonomia społeczna, chroniony rynek pracy, osoby niepełnosprawne, rachunkowość, podatki

## Introduction

According to the World Health Organization, 15% of the world's population live with some form of disability, including serious problems<sup>4</sup>. Almost everyone will be temporarily or permanently disabled at some point in life, and those who get older will find it increasingly difficult to function. Special attention to the situation of people with disabilities on the Polish labour market was given in the early 1990s by the adoption of the First Act on the Employment and Vocational Rehabilitation of People with Disabilities in the early 1990s<sup>5</sup>. This was an attempt to protect the Disa-

<sup>4</sup> *World report on disability: Main report (English)*, World Bank Group. Washington. <http://documents.worldbank.org/curated/en/665131468331271288/Main-report>, [Accessed May 15, 2020].

<sup>5</sup> Law of 9 May 1991 on the Employment and Vocational Rehabilitation of Disabled Persons, OJ 1991 No 46, item 201.

bled's Cooperative<sup>6</sup> clear market-based mechanisms and an opportunity to improve the financial situation of people with disabilities.

The legal conditions for the support of people with disabilities were created in 1997 by the establishment of workshops protected by the law (hereinafter referred to as ZPCHR). Its main objective is not only to generate profits, but also to promote the professional and social activation of people who, because of their disability, would not be able to cope on their own in the open labour market. One form of support in the activation process is social and vocational rehabilitation. Social activation is intended to help overcome architectural, urban, transport and technical barriers. It forms the right attitudes and behaviours that promote life in society. People with disabilities who participate in social rehabilitation increase their independence and self-esteem so that they can cope more easily with the difficulties of everyday life. It prepares to take up employment. Vocational activation through vocational rehabilitation makes it easier for people with disabilities to find and keep adequate employment and enables them to develop through vocational guidance and further training. Undoubtedly, the existence of supported employment establishments is beneficial for the disabled. And how do society, including employers and legislators, support the disabled? Is it profitable for the employer after twenty-five years of legal existence? Or maybe this issue should not be considered in the context of profitability at all?

This study has been devoted to the topic of the benefits and procedures of obtaining the status of a supported employment establishment. The main research question was posed: In the age of civic society and sustainable development, should we apply for and maintain the status of supported employment establishments (ZPCHR) or not? If so, what are the requirements for obtaining and maintaining the status? It was decided that the purpose of the study would be to describe the principles of operation of a sheltered employment establishment, taking into consideration accounting and tax regulations. The verification of the hypothesis will contribute to the solution of the research problem: obtaining the status of a sheltered employment establishment and running an enterprise with the granted status requires meeting many conditions, but it brings mutual benefits for both employers and employees. The following research methods were used in the study: case study, analysis of literature and legal regulations. An empirical example will be used to

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<sup>6</sup> Invalidity cooperatives were created in Poland after the First World War and their development took place in the 50s and 60s of the 20th century. The then state did not offer social assistance. There were too few jobs and job opportunities for people with disabilities, especially war invalids. The State transferred the obligation to activate people with disabilities to the newly created cooperatives for the disabled. The cooperative form of vocational rehabilitation of people with disabilities has proved to be surprisingly effective, innovative, and multidirectional, see [in:] H. Waszkowski, *The Movement of the Cooperative of Disabled People and its Importance for the Development of Rehabilitation of People with Disabilities in Poland*, "Disability – issues, problems, solutions", 2016, No. 21. Jobs have been created in connection with vocational, social, and medical rehabilitation.

present the principles of running a company with the status of a supported employment enterprise. Financial and non-financial data from the five-year period 2017-2021 from the documentation of the entity with the ZPCHR status since 2004 will be used. The following sources of information were used in the study: documents confirming obtaining the status of a sheltered employment enterprise, regulations of the company fund for rehabilitation of the disabled, personnel documents concerning the employment structure and payroll, accounting documents, accounting policy and documents concerning special funds.

## Environment of the social economy

Economic governance, social justice and economic efficiency are expressions included in Art. 20 of the Constitution of the Republic of Poland, namely: "A social market economy based on the freedom of economic activity, private property and solidarity, dialogue and cooperation of social partners is the basis of the economic system of the Republic of Poland". Despite these clear explanations, there is a dispute about the nature of the economy and the role of the state in shaping it. Economic trends emphasize the well-being of the individual and the institutions or the well-being of the community. Which lesson is more advantageous? Economic development, employment growth and the fight against social exclusion reflect the desire of Member States to achieve social and territorial cohesion. According to researchers<sup>7</sup> companies as actors in the economy explain and increasingly strive for social objectives in addition to economic objectives. However, this statement sounds paradoxical. In the view of the authors of the article, responsibility for the activities carried out is a responsibility of the companies, since it stems from the fact that they set up their own businesses and the need to act rationally. The mere explanation of running a responsible business without active implementation is insufficient, reminiscent of the imitation that can be found in the fashion industry.

The increase in social inequalities or the departure from moral values in social and economic life are the effects of either liberalism or neoliberalism. Excessive liberalism contributes to the growth of social inequalities, while neoliberalism causes a departure from moral values in social and economic life. Another economic doc-

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<sup>7</sup> M. Stefańska, *Role of Social Responsibility in Creating a Competitive Advantage for Retailers*, Wrocław, Wrocław University of Economics, 2014.

trine stood up to social expectations: ordoliberalism – the social market economy<sup>8</sup>, treating the state as an entity establishing the rules of the market game and at the same time guarding their observance. Among the principles of the ordoliberal economic order, there was a principle that constituted the responsibility of market participants for the results of their economic activity<sup>9</sup>. It was based, inter alia, on a price system, free competition, respect for private property and guarantees of security. The principles of social life, such as freedom, responsibility, justice, equality, subsidiarity, solidarity, and mechanisms to promote entrepreneurship, were fully respected. It referred to the institutional and legal measures taken by the State to improve economic governance<sup>10</sup>.

The state plays an important role in the development of the economy and in maximizing the distribution and prosperity of society as a whole. Although the basis of the country's economic order is based on the social market economy, the economic model implemented in Poland after 1990 has nothing to do with the social market economy in Germany<sup>11</sup>. The term "social market economy", which is often used in Polish literature, does not correspond to the "social market economy", which indicates that its pillar is social equilibrium (a system of social assistance that supports weaker people on a self-help basis without distorting market forces) and the principle of subsidiarity. The social market economy combines the principles of market freedom, social balance, and the moral responsibility of the individual for the whole. The State creates a framework for activity, guarantees the freedom of the individual, guarantees a decent life, guarantees economic and social security to a minimum and eliminates social injustices, which are understood as differences in income and wealth, by introducing taxes, but also by stimulating the growth of production, which leads to economic growth, which in turn is the best employment policy. Employment policy is the best social policy.

The country's development strategy, introduced in Poland since 2014, focuses on promoting the development of a social economy that encompasses the area of so-

<sup>8</sup> The social market economy is today referred to as the economic order founded in West Germany after the Second World War and further developed by Ludwig Erhard. This continuation of the Euckenian theory of economic order emphasised that the reduction of social inequalities, the limitation of the social sphere and the redistribution of income is possible with the greatest possible market access for all population groups. Market competition plays a central role in the concept of the social market economy, as it is a means of achieving and securing prosperity for all. Its role is to ensure a level playing field for all and it is a prerequisite for informing market participants of existing rarities. Behold. *Ten Theses in Defense of the Antitrust Legislation*, [w:] L. Erhard, *German Economic Policy. Der Weg der Sozialen Marktwirtschaft*, Econ und Knapp Verlag, Düsseldorf-Vienna 1962, 202-203, cf. K. Kamińska, *Ordoliberalism and Keynesism – Two Contradictory Concepts in the Economic Policy of Post-War Germany*, Warsaw, Office for Competition and Consumer Protection, 2018, pp. 70-78.

<sup>9</sup> W. Eucken, *Fundamentals of Economic Policy*, Poznań, Publishing House Poznański, 2005, pp. 295-344

<sup>10</sup> K. Kamińska, *Ordoliberalizm...*, s. 9.

<sup>11</sup> M. Bochenek, *On the Misunderstandings About the Name and Nature of the German Economic Model*, "Social Inequality and Economic Growth", 2020, No. 61, pp. 73-91.

cio-economic life, linking entrepreneurship and non-profit-making non-governmental organisations. The Florczak study confirms that social enterprises pursuing social objectives in their entrepreneurial activities can be an important tool for overcoming local and regional inequalities, as this is the economic and social force of their impact<sup>12</sup>.

There is a discussion among economists about social enterprises, which leads to the following conclusion: social enterprises are not an isolated group of actors with their own legal form, as described in the National Programme for the Development of the Social Economy<sup>13</sup>. Social enterprises are characterised by seven characteristics:

- a) they have legal personality and are registered in the Land Court Register; they carry out a corresponding activity: economic, non-profit, educational, or cultural activities,
- b) employ at least three persons under employment or civil law contracts, at least 30% of whom are at risk or excluded, i. e. unemployed, jobseekers, disabled persons,
- c) not to distribute profits or surplus to shareholders, shareholders, or employees,
- d) they are democratically administered,
- e) ceilings on the salaries of all employees, including managers,
- f) carry out a reintegration process agreed with the person concerned.

Any entity of the social economy that performs the functions assigned to it may receive a social status, thanks to which it may apply for financial support. A social enterprise can be both a disabled co-operative, a work co-operative, and a sheltered workshop.

Sheltered employment was defined by Garbat "as employment of people with disabilities under special conditions"<sup>14</sup>, ut it is also a gainful activity that is productive and should bring in a certain income from the activity. It should not only be equated with the adaptation of working conditions to specific conditions.

The protection of a person may extend to different aspects of his or her professional activity and may vary in scope. It is granted to those who are unable to meet the expected standards. Requires the identification of their performance deficit and

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<sup>12</sup> E. Florczak, *Economic-Social Inequality and the Objectives of Social Enterprise*, "The Business Sciences Quarterly", 2016, No. 4, pp. 27-38.

<sup>13</sup> National Program for the Development of the Social Economy until 2023, The Economy of Social Solidarity. Resolution No. 11 of the Council of Ministers of 31/01/2019 amending the resolution on the adoption of the program under the name: National Program for the Development of the Social Economy. Warsaw, Council of Ministers, Ministry of Family, Labor, 2019.

<sup>14</sup> M. Garbat, *Vocational rehabilitation and sheltered employment of people with disabilities in Poland – genesis, development, and current state*, "Disability – Issues, Problems, Solutions", 2015, No. 14, p. 82.

the creation of an appropriate protection zone<sup>15</sup>.

Sheltered workshops have four main objectives to achieve<sup>16</sup>. These include: ensuring disability-appropriate employment for disabled people, regular in-company vocational training for disabled people working there and occasional training courses to improve employability in the open market, vocational guidance, medical and social care, improving the labour productivity of disabled workers, implementing measures to promote equal opportunities for people with disabilities Expenditure People with disabilities in the open labour market.

Since the adoption of the Law on the Employment and Vocational Rehabilitation of People with Disabilities, the latter have played an important role in overcoming social exclusion and inequalities. They were introduced alongside an open labour market as forms of sheltered employment and vocational rehabilitation<sup>17</sup>. Most sheltered jobs are operated in the form of limited liability companies. Limited partnerships and open partnerships are also common. Public limited companies, on the other hand, are rare.

From the outset, ZPCHR gained great popularity as they employed people with the most severe degrees of disability. In 1992, there were 561 sheltered workshops, and that number increased until 1999, when more than 218,000 disabled workers worked at 3736 ZPCHR. However, after 1999 the number of such units decreased. In 2010, there were more than half as many.

The following factors have been identified as having an impact on the downward trend in the number of protected jobs in Poland between 1992 and 2020:

- increase in the minimum employment rate from 2003 to 25 FTE, which has led to a deterioration in the profitability of the status. Previously, it was sufficient for the employer to employ 20 full-time workers, including 8 disabled workers of 0.8 jobs with a moderate or severe disability. After changing the minimum employment rate by 5 FTE, at least 10 people with disabilities had to be employed, including one with a moderate or severe illness;
- drastically reduce wage subsidies for people with disabilities from 2011, in particular for workers with slight disabilities;
- maintain a minimum employment rate of 12.5 posts from 2012, including 3 posts for workers with a severe or moderate disability<sup>18</sup>. Employers were concerned about the low work efficiency of employed disabled people, the lack of

<sup>15</sup> P. Paszkowicz, *Employment of people with disabilities: towards an open labor market*, [in:] M. A. Paszkowicz and M. Garbat, *People with disabilities in social policy*, Zielona Góra, Polish Economic Society, 2013, p. 38.

<sup>16</sup> T. Majewski, *Supported employment establishments in the countries of the European Community*, *Polityka Społeczna*, 1994, Nr 2.

<sup>17</sup> M. Garbat, *Vocational rehabilitation and sheltered employment of people with disabilities in Poland – genesis, development, and current state*, "Disability – Issues, Problems, Solutions", 2015, No. 14, p. 99.

<sup>18</sup> A. Koza, *The statutory employment rate and the situation of the supported employment sector*, *Scientific Papers of the University of Economics in Wrocław*, 2017, No. 489, pp. 160-170.



- additional redundancies, benefits and subsidies;
- introduction of the obligation to maintain a bank account for the funds of the Fund for the Rehabilitation of Persons with Disabilities (hereinafter: ZFRON account) – in the event of liquidation of the company, bankruptcy or loss of status, the funds of ZFRON should be transferred to the State Industrial Inspectorate and the State Fund for the Rehabilitation of Disabled People (hereinafter: PFRON);
  - the obligation to maintain the employment rate of people with disabilities at least 50% of which 20% of the total employment rate of people with severe or medium disabilities;
  - alignment of subsidies for sheltered workplaces and actors in the open labour market<sup>19</sup>.

PRFON data show that in December 2017, 53.1% of people with disabilities were employed by employers in the open labour market, while 33.6% of workers with special illnesses were employed on a full-time basis in the ZPCHR<sup>20</sup>.

In June 2020, Poland had just over 800 sheltered jobs and a total of 128,690 employees, which corresponds to about 33.6% of disabled workers with special illnesses as full-time working hours.

By contrast, the November 2020 figures show an increase in the employment of people with disabilities in the open labour market (60.5%), with the number of disabled workers in the labour market down by 27,500 compared to December 2017<sup>21</sup>. This means that fewer and fewer people with disabilities are employed in the open labour market.

The drastic reduction in the number of sheltered workshops and the decline in the employment of disabled people exacerbate their situation. According to Adriana Politaj, the growing VET sector will not be able to close the gap in the sheltered labour market<sup>22</sup>. The main reason for the deterioration of the situation in this market is the increasing competitiveness of employers in the open labour market, where employers receive similar wage subsidies but unfortunately do not provide adequate conditions for the rehabilitation of people with the most severe disabilities.

Disability imposes significant restrictions on the proper functioning of the human being. People with disabilities cannot play all social roles and work in every profes-

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<sup>19</sup> *Supported employment companies, what's next?* WatchdogPFRON, <http://www.watchdogpfron.pl/co-to-jest-zaklad-pracy-chronionej-zpchr/>, [Accessed December 13, 2018].

<sup>20</sup> National Program for the Development of the Social Economy until 2023, The Economy of Social Solidarity. Resolution No. 11 of the Council of Ministers of 31/01/2019 amending the resolution on the adoption of the program under the name: National Program for the Development of the Social Economy. Warsaw, Council of Ministers, Ministry of Family, Labor, 2019, pp. 84-85.

<sup>21</sup> *Number of disabled employees and employers registered in the Subsidy and Reimbursement Service System of the State Fund for Rehabilitation of Disabled Persons*, SODiR PFRON 2020.

<sup>22</sup> A. Politaj, *Institutions of professional activity and sheltered employment establishments as employers of disabled people in Poland*, *Research Papers of the University of Economics in Wrocław*, Publishing House of the University of Economics in Wrocław, 2016, Nr 450, s. 446-457.



sion as people without disabilities. Your psychophysical abilities are more or less impaired. The main objective of the work of the ZPCHR is therefore the professional activation of people who are unable to cope in the open labour market. However, the Rymsza studies show that ZPCHR places much less emphasis on social and vocational rehabilitation and hardly any health rehabilitation is carried out<sup>23</sup>. In his view, it was primarily about job creation and not about the interests of disabled people themselves.

## Principles for obtaining sheltered employment status

The status of a sheltered workshop may be granted to enterprises that meet the relevant conditions. They include: conducting business activity for at least 12 months, employing at least 25 employees converted into full-time work<sup>24</sup>, and maintaining the employment rate of people with disabilities at a certain level for at least 6 months (average monthly percentage of people with disabilities, taking into account a significant or moderate degree of disability, in total employment converted into full-time working hours, expressed in full-time jobs<sup>25</sup>).

Employment rates are determined taking into account the changes taking place in a given month, taking into account in detail the number of days: the number of employees, increases and decreases in this number, and is given with accuracy to four decimal places.

It is imperative that the employment rate of people with disabilities is at least 50%, with at least 20% of all employees being people with severe or moderate disability. Instead of the above-mentioned structure, at least 30% of all employees may be blind, mentally ill, or mentally retarded, severely, or moderately disabled.

The facilities and rooms used by the undertaking must be adequately adapted to the handicaps. The adaptation of the working environment must take into account aspects such as architectural adaptation, lighting and optical signalling, room acoustics and acoustic signalling, fields and electromagnetic radiation, physical strain on the worker and spatial organisation of the workplace, safety in the use of machinery and equipment, microclimate, chemical factors, psychosocial working conditions<sup>26</sup>.

Another condition for obtaining the status of a sheltered employment estab-

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<sup>23</sup> M. Rymsza, *Activation of disabled people in Poland: four systems, one policy?* [in:] *New priorities and trends in social policy – around integration and professional activation*, K. Wódz, K. Faliszek, A. Karwacki i M. Rymsza, Toruń, Wydawnictwo Edukacyjne "Akapit", 2012, p. 322.

<sup>24</sup> Act of 27 August 1997 on vocational and social rehabilitation and employment of disabled people, Journal of Laws of 2021, item 573 with later d.

<sup>25</sup> This indicator also affects the amount of payments in the case of the open labor market. Employers who do not have the status of ZPCHR are obliged to make monthly payments to the State Fund for the Rehabilitation of Disabled Persons, when employing at least 25 employees converted into FTEs.

<sup>26</sup> W. M. Zawieski, *Designing facilities, rooms and adapting workstations for disabled people with specific needs – framework guidelines*, Warsaw, Central Institute for Labor Protection – National Research Institute, 2014, p. 15.

lishment is ensuring access to emergency and specialist medical care, medical consultations, and rehabilitation services. This is made possible by medical care at the scene of the incident until the doctor arrives. Such care should be provided only by medical professionals specialising in the illnesses of disabled workers. In case the medical care cannot be guaranteed at work, a contract for the provision of emergency medical care must be concluded with the Public Health Office.

The status of protected plant is granted by the local voivodeship. For this purpose, the relevant documents shall be submitted. These include:

1. Application for a decision granting sheltered employment status with name, address (place and place of activity), type of activity (branch, profile, etc.) and details of persons with disabilities employed.
2. Employment tables for calculating the disability rate for a period of at least six months from the date of application.
3. The original of the decision of the State Labour Inspectorate of the District Labour Inspectorate stating that the premises and premises used by the employer meet the requirements of sheltered workshops.
4. Information on the provision of emergency and special medicine, rehabilitation, and counselling services (copies of contracts of employment with medical staff) together with certificates of professional law and contracts with a specialist providing medical and rehabilitative treatment).
5. Copies of the decision on the issue of the VAT identification number and the certificate of allocation REGON number.
6. Certificate of registration in the Central Register of Economic Activity or the National Register of Court.
7. Proof of payment of the stamp fee<sup>27</sup>.

After obtaining the status of a protected factory, the relevant working conditions are confirmed by examinations carried out by the tax offices, the voivodeship, the State Industrial Inspectorate and the State Fund for Rehabilitation of Disabled People. Disability-friendly working conditions cover working hours, breaks in the day and holidays.

Persons with a moderate or severe disability may work a maximum of 7 hours per day and 35 hours per week. Work of the employee with a slight degree of disability may not exceed 8 hours a day and 40 hours a week. There is also an additional 15-minute break, which is counted against working hours and can be used for gymnastics or recreation. It is not advisable for people with disabilities to work at night. This principle shall be waived if, at the request of the staff member, the doctor gives a favourable opinion enabling him to work at night or overtime. Employees with a serious or moderate decision are also entitled to an additional 10 working days

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<sup>27</sup> *Granting the status of a sheltered employment establishment, Mazowiecki Voivodeship Office*, <https://www.gov.pl/web/uw-mazowiecki/przyznanie-statusu-zakladu-pracy-chronionej>, [Accessed February 13, 2021].

per calendar year. The prerequisite is that you have worked one year after the date on which the decision on the disability was obtained. Another advantage is the right to temporary leave from work, while retaining the remuneration calculated as compensation for recreational leave, to carry out special examinations, treatment, and improvement measures and to purchase or repair orthopaedic equipment if this is not possible during working hours. The fee-based exemption also includes participation in a rehabilitation curve which lasts no more than 21 working days and no more than once a year<sup>28</sup>.

## Operation of sheltered workshops

Companies with sheltered employment status do not pay PRFON any more than those without status with more than 25 full-time employees. ZPCHR collect resources to support their disabled workers. They are obliged to set up the Operational Fund for the Rehabilitation of People with Disabilities (ZFRON)<sup>29</sup>. They form it from external or internal sources. So far, i.e. by the end of 2021 from three sources:

- a) tax exemptions (real estate, agriculture, forestry, civil law) and levies (excluding stamp duty and penalty duty)<sup>30</sup>,
- b) from part of income tax advances,
- c) other, including interest on funds accumulated in ZFRON's account, income from gifts and bequests, undepreciated portion of proceeds from the disposal of fixed assets acquired by ZFRON.

From 2022, the new, basic source of external financing, replacing the current source of income tax advances, will be subsidies from PFRON. The description of the new source of financing will be presented later in the study.

Correct, lawful, creation and use of PFRON requires meeting many requirements and conditions.

Real estate tax exemption is granted if the employer obtains the status of a protected employment establishment due to the achievement of the employment rate of disabled persons at the level of at least 30% of blind or mentally ill or mentally handicapped persons classified as severely or moderately disabled<sup>31</sup>. This exemption applies only to those real estate that constituted the property of this entrepre-

<sup>28</sup> The Act on Rehabilitation..., from Art. 15 to Art. 20.

<sup>29</sup> Law on Rehabilitation and Ordinance of the Minister of Labour and Social Policy of 19 December 2007 on the Occupational Rehabilitation Fund for People with Disabilities Communication of the Minister of Labour and Social Policy of 8 July 2015 on the announcement of the unified text of the Ordinance of the Minister of Labour and Social Policy on the Occupational Rehabilitation Fund for People with Disabilities, OJ 2015, item 1023.

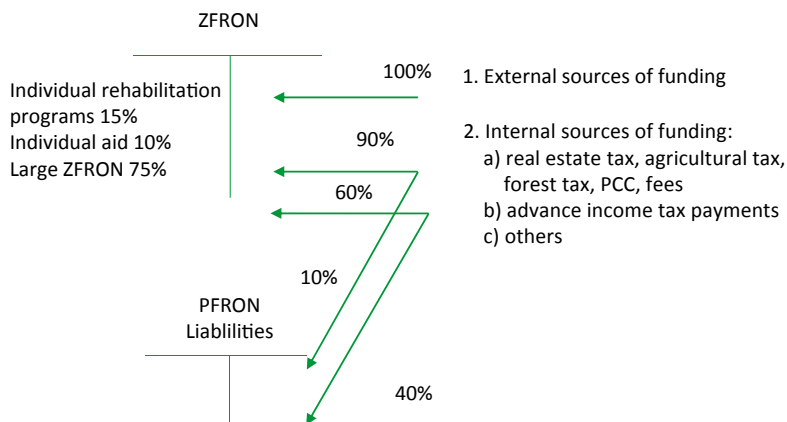
<sup>30</sup> Article 2. The Law of 9 March 2022 amending the Law on Income Tax of Natural Persons, the Law on Vocational and Social Rehabilitation and Employment of Persons with Disabilities and the Law on Tax on Extraction of Certain Minerals introduced Article 33b (1) into the Law on Rehabilitation, the content of which is set out below.

<sup>31</sup> Art. 28 para. 1 no. 1 letter b of the Law of 27 August 1997 on rehabilitation...

neur at the time of granting the status by the voivode and additionally are part of the establishment in accordance with the decision of the voivode.

The employer is obliged to keep records of the ZFRON and set up a settlement bank account for these funds. The funds of the fund may be withdrawn only from this account, or to the cash register of the company's rehabilitation fund in order to pay disabled employees.

A simplified method of creating a fund is presented in Fig. 1.



**Fig. 1. Creating ZFRON.**

Source: own study.

The amounts obtained from tax exemptions, e.g. on real estate, are transferred to PFRON in the amount of 10% and to the PFRON in the amount of 90%. The amounts from exemptions from advance income tax, collected on the income from work of employees and cash benefits from social insurance, paid to natural persons, are transferred by ZPCHR to PFRON in the amount of 40% and to ZFRON in the amount of 60%. Payers act in this way for the months from the beginning of the year to the month inclusive, in which the taxpayer's income exceeds the amount constituting the upper limit of the first range of the tax scale (until the end of 2021, the upper limit of the tax scale was PLN 85,528 and from 2022 PLN 120,000)<sup>32</sup>.

The use of the fund's resources is possible in three directions, for individual rehabilitation programs, as well as for individual and general assistance. Individual rehabilitation programs must be financed by at least 15% of the funds of the ZFRON. However, at least 10% of this fund's resources must be allocated to individual aid for current and former disabled employees of the plant (Article 33 (3) of the Act of 27 August 1997 on rehabilitation...). The remaining pool of resources, i.e. 75% of the

<sup>32</sup> Advances for the months following the month in which the taxpayer's income obtained from the beginning of the year at the payer has exceeded the first range of the tax scale, payers shall transfer on general terms to the account of the competent tax office, art. 38 sec. 2 of the Act of July 26, 1991.

fund's resources, is allocated to the general part, i.e. large ZFRON.

The employer establishes the company regulations for the use of the rehabilitation fund in agreement with the persons providing emergency and specialist medical care, counseling, and rehabilitation services for disabled employees of this institution and the trade unions operating in the company or – in their absence – representatives elected by the disabled employees.

## **Economic efficiency of the ZPCHR activity**

The origin of the funds constituting the fund is essential for determining the cost-effectiveness of activities related to the development of a supported employment enterprise. The accounting and tax effects of creating and settling the fund will be different depending on the source of the funds from which the ZFRON was created. Different effects will be caused, among others, by activities, i.e.: purchase, production, or improvement of fixed assets in connection with the modernization of the plant, creation, or adaptation of workplaces for disabled people, construction or expansion of a rehabilitation, leisure and social base. The effect of the aforementioned activities will be an increase in the condition and value of fixed assets, which may occur from two sources – own and external – internal and external, respectively. When the fund is created in the amount of the exemptions from certain taxes and fees, as well as from part of advances for personal income tax or interest on funds accumulated on the ZFRON bank account, then we are talking about own sources. Foreign sources, on the other hand, are those whose funds come from received donations, subsidies, or subscriptions, including PFRON.

We register the increase in the status and value of fixed assets, the acquisition of which was financed from ZFRON funds from external sources, according to general rules. At the time of accepting a fixed asset for use or completion of improvement activities, the value of the fund's cash that was used to finance, for example, a purchase, is entered into the account for deferred income. Parallel to the depreciation write-offs of fixed assets, the amount to be settled is included in other operating income.

Financing the purchase of a fixed asset from the internal funds of ZFRON consists in settling this special fund and increasing equity capital – supplementary or reserve capital. The funds left in the unit are therefore a source of the increase in the value of the property. This value is increased as a result of leaving and allocating special funds for this purpose. In sheltered workshops, this situation can be treated as self-financing. Depreciation costs are assigned according to general principles and are not covered with income settled over time.

In both of the presented situations related to the development of the entity, there is an increase in equity capital, while when external financing takes place, the increase in equity takes place at a different time – in a long time, i.e. in the same

time as the fixed asset is used and additionally, it is recognized in the financial result and balanced with depreciation costs. In the case of financing development activities with funds from internal sources, revenues – economic benefits are generated in ZPCHR. It takes place at the moment of settling liabilities, which are special funds of ZFRON and recognizing them in the supplementary capital.

Supplementary capital (fund), possibly reserve capital or their equivalents, reflect the own source of financing the assets of a given entity. Equity created in this way can be left and accounted for only when the asset is no longer used by the entity. After this time, the supported employment enterprise may use the created capital for any purpose. It can even cover the balance loss from previous years with capital created from purchases of fixed assets financed from the Social Fund. This coverage may take place in capital companies after the approval of the financial statements for the previous year and adoption of a resolution to cover the loss only up to the amount of depreciation write-offs of fixed assets financed from the funds of the Social Fund (ZFRON) (similarly, in a cooperative, balance sheet losses are covered from the resource fund). The introduction of a limitation as to the amount results from the provisions of the Act on rehabilitation<sup>33</sup>, which requires the provisions of Art. 33 paragraph 2 point 5, so that the amount received from the sale of the fixed asset, in the non-depreciated part, is transferred to the ZFRON. In connection with such provisions of the Act on Rehabilitation, at the time of sale, the supplementary capital is reduced and the ZFRON is increased again by the unamortized initial value of the sold fixed asset. If a sheltered employment establishment sells a fixed asset financed from ZFRON funds, the revenue from the sale will be classified as other operating income, and the unreported initial value of the fixed asset will be classified as other operating costs.

When it comes to depreciation write-offs made on the value of fixed assets financed from ZFRON resources, in order to determine whether they constitute tax deductible costs or not, it is important, in addition to the source of funding from ZFRON, whether the taxpayer deducted from the income tax base or whether it was returned him, in any form, expenses for the purchase or production of funds on his own. Therefore, depreciation write-offs made on the value of fixed assets derived from tax reliefs constituting own funds will constitute tax deductible costs. On the other hand, in a situation where the purchase of fixed assets was financed from the Social Fund, created from advances for the income tax on employee remuneration, depreciation write-offs cannot be treated as tax deductible costs. This is due to the fact that the advance on personal income tax is a tax-deductible cost together with the employee's remuneration determined in the gross amount. The tax cost is the entire amount of remuneration on which the income tax advance payment is calculated and transferred by the payer. Therefore, it is unacceptable to recognize the same cost twice – once recognizing the gross remuneration with the amount of

<sup>33</sup> The Act of August 27, 1997, on the rehabilitation of...

income tax as a tax cost, and the second time including depreciation write-offs on fixed assets purchased from ZFRON as tax deductible costs.

In the case of fixed assets, the purchase of which was originally financed from the ZFRON created from advances for the income tax on employee remuneration, and then the part corresponding to their unamortized initial value was returned to PFRON, in order to include depreciation in tax deductible costs, it will be necessary to determine the proportion taking into account the part financed by the taxpayer (i.e. the part returned to PFRON – deductible expenses) and the part financed from the PFRON (non-deductible expenses). After making the settlement with PFRON, after the funds are returned to the fund's account, fixed assets, the acquisition of which was originally financed by the PFRON, may be depreciated on general terms.

The purchase of fixed assets, the initial value of which does not exceed PLN 10,000, financed from the ZFRON, created from advances for the income tax on remuneration, will not be recognized as a one-off tax-deductible cost.

The funds of ZFRON are not subject to court and administrative enforcement and are not encumbered. Financial sanctions may be imposed on the employer in a situation where funds from ZFRON are disbursed unlawfully. In such a case, the employer is obliged to return the entire amount of these funds to ZFRON and to pay 30% of these funds to PFRON. The sanction also applies to situations in which the ZFRON has not been established or a bank account for this fund has not been established or the register of ZFRON funds has not been kept. Failure to transfer funds to the bank account of ZFRON is also an irregularity.

In the event of liquidation, deletion, bankruptcy of the enterprise or loss of the status of a sheltered employment establishment, the unused funds of the State Fund for Rehabilitation of Disabled Persons should be immediately transferred to the PFRON. Contributions are also made of funds spent from ZFRON for the purchase, creation or improvement of fixed assets related to the modernization of the plant, the creation or adaptation of workplaces for disabled people and the construction or expansion of the rehabilitation, social and recreational base, and the purchase of means of transport. The payment is required in the part that has not been covered by depreciation write-offs, determined using the depreciation rates resulting from the list of annual depreciation rates, constituting Annex 1 to the Income Tax Act. The said obligation also applies to land purchased from ZFRON funds that is not subject to depreciation and does not apply to those components whose book value is zero. At the same time, along with the loss of the right to create ZFRON, the amount corresponding to the value of the funds returned to PFRON will reduce the deferred income or reserve capital, respectively.

In the event of loss of the ZPCHR status, but with at least 15 employees remaining in full-time employment and the employment rate of people with disabilities at the level of at least 25%, the employer has the right to continue the ZFRON and retain funds from this fund. Due to the state of the epidemic in 2020, the required



level of employment of people with disabilities is reduced from 25% to 18%, but this applies to the periods from March 1, 2020, no longer than until the end of the second month, starting from the date of resignation of the state of the epidemic or state of epidemic threat.

Although the spending of funds from ZFRON has strictly defined rules, it largely contributes to the improvement of the plant as a workplace. The employer has great opportunities to purchase and modernize machines and devices, as well as to improve individual workplaces and the entire plant. Moreover, assistance for disabled employees influences their motivation and job satisfaction, which translates into final results. These are unmeasurable aspects, but they are particularly important.

Employers have the opportunity to apply for monthly subsidies from PFRON funds for the remuneration of disabled employees, and therefore employed under employment contracts, who are not retirees with a moderate or light degree of disability. This right applies to employers from the protected area and employers who employ more than 25 full-time employees, and the employment rate of disabled people is at least 6%. Employers with fewer than 25 full-time employees may apply for funding regardless of the employment rate of disabled people.

It is decisive whether or not the incentive effect has occurred, which can be demonstrated in two ways: by the quantitative method or by the qualitative method, whether or not the funding is received. The quantitative method is based on showing the net increase in total employment in the month in which the employee took up employment, compared to the average total employment in the 12-month period. The qualitative method can be used when it is not possible to demonstrate the net increase in total employment. Due to the high probability of receiving subsidies for the remuneration of employees with disabilities, they are recognized as other operating income in the month to which the subsidized remuneration relates, therefore, according to the accrual principle, but subject to income tax in the period of actual impact.

Supported employment establishments may also benefit from the reimbursement of the costs of adapting a workplace for a disabled person, provided that they are employed for at least 36 months and obtain a positive opinion of the National Labor Inspectorate on adapting conditions to the needs of disabled people, maintaining the principles of health and safety at work. Then he may receive a refund for:

- adaptation of workplace premises to the needs of disabled people (creating new or adapting existing workplaces in accordance with the needs resulting from their disability),
- purchase and authorization of software for the use of disabled people,
- purchase of equipment and technologies adapted to the needs of disabled employees,
- purchase and adaptation of devices that facilitate the functioning and performance of work by disabled employees,

- identification of the above-mentioned needs of employees by specialized occupational medicine services.

Running a ZPCHR creates a number of amenities and benefits for disabled employees. Reducing social inequalities and creating better living conditions were to be brought about by the demands of the Polish Order, which were included in the plan to rebuild the Polish economy after the Covid-19 pandemic. One of the cornerstones of this plan was to cut taxes.

## ZPCHR from employees and employers' perspective

The current professional situation of people with disabilities employed in ZPCHR and the economic situation of the plants is presented in the report prepared by the consortium in 2020 at the request of the State Disabled Rehabilitation Fund<sup>34</sup>.

Most, as many as 85% of disabled ZPCHR employees are satisfied with their current job due to the adaptation of the workplace to their needs. Over 70% of them pay attention to: the atmosphere at work, relations with superiors, adapting the workplace and workplace to their needs, matching the work performed to the possibilities and qualifications, housing conditions, providing medical care and rehabilitation opportunities, and using support within the framework of individual aid from ZFRON funds. Due to the low wages, which are at the level of the minimum wage, the possibility of using the ZFRON in the form of: reimbursement of the purchase of drugs, rehabilitation equipment, co-financing of rehabilitation stays or return of money for commuting, is an advantage encouraging you to look for a job in the ZPCHR, treated as low compensation pay. Financing expenses from the fund increases the level of employee satisfaction and reduces employment turnover, which is very beneficial from the point of view of the employer.

Another factor determining employment in sheltered workshops is the lack of faith in the possibility of employment in the open market and meeting its requirements, fear related to the lack of understanding for disability and fear of discrimination. Among the advantages of work are, among others that it is interesting, light, well-located and independent. Employees also appreciate the organization of working time and the proximity to their place of residence<sup>35</sup>.

Research conducted among employers shows that the most frequently indicated motive underlying the operation of a sheltered workplace was the broadly understood sense of mission and willingness to help people with disabilities, support for this group on the labor market and its professional activation. Strictly financial reasons were also important, i.e. benefits resulting from obtaining the ZPCHR status. Tradition and experience are particularly important for the longest operating em-

<sup>34</sup> M. Sochańska-Kawiecka, *Research of Supported Work Establishments. Final report – full development. Social Research*, State Fund for Rehabilitation of Disabled People, Żyrardów, 2020, pp. 10, 11.

<sup>35</sup> Ibid, pp. 124, 128.

ployers. The main advantage of having the status of ZPCHR is ZFRON, which enables the financing of employee expenses.

The functioning and development of entities in the formula of supported employment establishments is limited by the existing barriers, which focus on three issues: financial, bureaucratic, and specific to the protected market.

The financial issues include, among others: the lack of constant valorization of the subsidy, the low amount of subsidies and the high costs of running the plant. Barriers that hinder functioning are also unclear and changing regulations, bureaucratization of the system, requirements for justifying aid, reporting and frequent inspections, excess of requirements in relation to the open labor market with a similar level of co-financing.

In turn, the problems specific to the protected market include the issue of finding employees with disabilities who meet the appropriate criteria, allowing them to maintain the employment rate, lower productivity and a limited scope and duration of work performed, including as a result of sick leave.

Difficulties and burdens make bets non-competitive or non-profit making. The nature of the above-mentioned barriers makes it difficult to maintain the status, which will most likely reduce the number of ZPCHR in the future<sup>36</sup>.

After thirty years of operation of the ZPCHR, the system requires changes, flexibility, and additional support. If disabled employees are most interested in the operation of sheltered employment establishments, then the proposals of sheltered employment establishments regarding financial and legal changes should be accepted. In the case of financial changes, it is necessary to apply for an increase in subsidies to wages, higher than for the open labor market, and for valorization in relation to the minimum wage in conjunction with the indexation of amounts (constant percentage of the minimum wage). In terms of legal changes, it is postulated for stability and standardization of interpretation as well as flexibility in sharing expenditure with the Social Rehabilitation Fund.

They also see the need to change the existing solutions and systemic support for disabled people in the United States of America. 25 years after the Americans with Disabilities Act (ADA), a landmark federal law to ensure access to public life, was passed, some residential and public businesses, such as restaurants, are not accessible to people with disabilities. In 2012, 400,000 Americans with disabilities worked in sheltered workshops and earned an average of \$ 175 per month – typically without benefits such as healthcare<sup>37</sup>.

There are supporters and opponents of sheltered workshops among managers, employers, and employees of sheltered workshops.

Supporters of sheltered workshops consider them to be a transitional service

<sup>36</sup> Ibid, pp. 13, 14.

<sup>37</sup> Beyond Segregated and Exploited, Update on the Employment of People with Disabilities, Raport, National Disability Rights Network, 2012, p. 4.

where people can learn the skills needed to obtain competitive employment. They are provided with appropriate support, people with disabilities are not only able to integrate and compete in the labor market, but also raise the level of their skills beyond what their friends and family considered possible<sup>38</sup>.

According to opponents of this form of support for disabled people, sheltered workshops keep disabled people in poverty and are morally indefensible<sup>39</sup>.

In states, such as Vermont, where sheltered workshops have closed, the employment rate for people with disabilities is twice the national average.

Kansas was the first state to pass "employment first" law in 2011, which requires that every person of working age who applies for a job first receives supported, integrated, and competitive employment services.

However, employing people with disabilities remains a huge challenge. As of October 2014, less than 20 percent of people with disabilities in the state of Kansas were in employment<sup>40</sup>. Unfortunately, for a part of the population whose disability is so serious that the state has not yet figured out how to effectively support them in finding a job.

Employment barriers are still identified, e.g., accessibility problems persist, there is no possibility of establishing contacts with employers to ensure reasonable accommodation for disabled workers. Help is also needed to navigate government programs such as disability social security and medical support.

Some disabled people may work in a competitive, integrated environment, thanks to changing technology. The types of support offered today are different from 20 years ago. Insurance programs are available to help people with disabilities. Grants are made to support social programs aimed at finding suitable employment for people with disabilities. Johnna Godinez, a representative of Topekan, however, believes that people with disabilities have a tendency to withdraw, especially if they have recently become disabled, which makes it difficult to find a job. According to John Godinez, "It is a competitive world and we must raise our expectations of ourselves so that we can compete"<sup>41</sup>.

State Agencies help people with disabilities to find and maintain employment. Since 2011, the number of people entering and applying in Kansas for help with

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<sup>38</sup> Bryan Thompson, *Sheltered workshops: A path to competitive employment for people with disabilities?* Kansas Health Institute, March 10, 2016, p. 2, <https://www.khi.org/news/article/sheltered-workshops-a-path-to-competitive-employment-for-people-with-disabi>, [Accessed April 13, 2022].

<sup>39</sup> Ibid, p. 3.

<sup>40</sup> Andy Marso, *Kansans with disabilities say employment remains an issue*, KanCare MCOs promote disability employment programs amid access concerns, Kansas Health Institute, August 13, 2015, p. 2, <https://www.khi.org/news/article/kansans-with-disabilities-say-employment-remains-an-issue>, [Accessed April 15, 2022].

<sup>41</sup> Andy Marso, *Kansans with disabilities say employment remains an issue*, KanCare MCOs promote disability employment programs amid access concerns, Kansas Health Institute, August 13, 2015, p. 3, <https://www.khi.org/news/article/kansans-with-disabilities-say-employment-remains-an-issue>, [Access April 13, 2022].

vocational rehabilitation has decreased. In fiscal 2011, nearly 8,300 disabled people asked the department to help them find a job. In the financial year 2015, which ended on June 30, only 4,600 applications were submitted. These changes are justified by the improvement of the economy and the opening of the labor market<sup>42</sup>.

## Case study

From January 2022, the rules of taxation of income from work in Poland have changed – the income tax-free amount has been increased – with the annual amount reducing the income tax by PLN 5,100, the employees' income achieved in a year at the level of PLN 30,000 is tax-free ( $30,000 \times 17\% = \text{PLN } 5,100$ ). In the case of employees, the amount of PLN 5,100 is taken into account when calculating the monthly advance payment for income tax at the level of the amount reducing the tax of PLN 425.

So far, the income achieved by employees in Poland, not only by disabled people, has been low. For this reason, it would seem that increasing the tax-free amount will be beneficial for employees, because when their wages are paid, the amounts are higher, not reduced by tax. At this point, it is worth mentioning that if the incomes of ZPCHR employees were high and exceeded the income test of the second tax scale, the employer would not have the right to leave amounts for the fund and PFRON.

The analysis of the funds left in the fund was carried out in a plant producing metal structures and their parts, heaters, boilers, flue gas cleaning systems, metal products weighing from a few grams to several tons, medical equipment for the equipment of ambulances, ambulances, hospitals, and sick rooms.

In 2017, the average total monthly employment in full-time jobs was on average 129.77, while the total employment of people with disabilities was on average 67.45 full-time jobs, including 17.00 people with mild disabilities, and 50.45 people with severe or moderate disabilities, degree of disability.

Information on the employment status in the examined ZPCHR in 2021 is presented in Table 1.

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<sup>42</sup> Michael Donnelly, Director of Rehabilitation Services, Kansas Department for Children and Family, Dave Ranney, State official cites improved job market, lower numbers of Kansans seeking assistance, November 04, 2015.

Table 1. Information on the employment status for 2021.

Month	Average employment in persons per month			Average employment in FTEs per month			Col. 7x4%XX* zł		
	including people with disabilities		Total	including people with disabilities		Total			
	mild	people with disability degree severe and moderate		mild	people with disability degree severe and moderate				
1	2	3	4	5	6	7	8	9	10
I	146,90	72,90	16,00	56,90	139,60	71,97	16,00	55,97	8665,19
II	145,57	72,00	16,00	56,00	138,27	71,07	16,00	55,07	8556,83
III	145,58	72,00	16,00	56,00	138,28	71,07	16,00	55,07	8556,83
IV	144,10	73,10	16,97	56,13	137,55	72,17	16,97	55,20	8689,27
V	145,00	74,00	17,00	57,00	138,45	73,07	17,00	56,07	8797,63
VI	146,50	75,50	17,00	58,50	139,95	74,32	17,00	57,32	8948,13
VII	145,87	76,16	17,39	58,77	139,07	74,73	17,39	57,34	8997,49
VIII	146,42	75,42	18,00	57,42	139,62	73,99	18,00	55,99	8908,40
IX	144,57	73,57	17,00	56,57	137,77	72,14	17,00	55,14	8685,66
X	144,26	72,32	16,32	56,00	137,46	70,89	16,32	54,57	8535,16
XI	142,83	71,83	16,00	55,83	136,03	70,40	16,00	54,40	8476,16
XII	142,00	70,00	16,00	54,00	135,20	68,57	16,00	52,57	8255,83
<b>Average</b>	<b>144,97</b>	<b>73,23</b>	<b>16,64</b>	<b>56,59</b>	<b>138,10</b>	<b>72,03</b>	<b>16,64</b>	<b>55,39</b>	<b>8672,71</b>

\* The amount of the minimum salary – PLN 3,010 in 2022  
Source: own study based on the company's documentation.

In 2021, in the analyzed enterprise, the average average employment in total people was 144.97, including 73.23 people with disabilities. On the other hand, the average average total employment in full-time jobs was 138.10, including 72.03 of disabled people. In 2017-2021, this level shows an upward trend, which should be assessed very positively.

In the enterprise in question, both indicators – both the employment rate of disabled people and the employment rate of disabled people with severe or moderate degree of disability, reach levels that ensure the maintenance of the ZPCHR status. In the surveyed enterprise, a part of the personal income tax is created by the Company Fund for the Rehabilitation of Disabled Persons and accounted for in accordance with the regulations.

In 2021, if it did not have the ZPCHR status, the enterprise would have to pay personal income tax in the amount of PLN 554,288 to the Tax Office. PLN 332,572.80 was transferred to the PFRON (Table 2).

**Table 2. Distribution of personal income tax for 2021 (in PLN).**

Month	PIT-4	PFRON (40%* col.2)	ZFRON (60%* col.2)	ZFRON		
				75%*col.4	15%*col.4	10%*col.4
1	2	3	4	5	7	6
1	44125,00	17650,00	26475,00	19856,25	3971,25	2647,50
I	42194,00	16877,60	25316,40	18987,30	3797,46	2531,64
II	40560,00	16224,00	24336,00	18252,00	3650,40	2433,60
III	47289,00	18915,60	28373,40	21280,05	4256,01	2837,34
IV	43465,00	17386,00	26079,00	19559,25	3911,85	2607,90
V	45583,00	18233,20	27349,80	20512,35	4102,47	2734,98
VI	47053,00	18821,20	28231,80	21173,85	4234,77	2823,18
VII	50613,00	20245,20	30367,80	22775,85	4555,17	3036,78
VIII	51956,00	20782,40	31173,60	23380,20	4676,04	3117,36
IX	51455,00	20582,00	30873,00	23154,75	4630,95	3087,30
X	46035,00	18414,00	27621,00	20715,75	4143,15	2762,10
XI	43960,00	17584,00	26376,00	19782,00	3956,40	2637,60
<b>TOTAL</b>	<b>554288,00</b>	<b>221715,20</b>	<b>332572,80</b>	<b>249429,60</b>	<b>49885,92</b>	<b>33257,28</b>

Source: company documentation.

As the analysis of the financial and non-financial data of the investigated company in the years 2017-2021 with advances on income tax of more than PLN 2.5



million, PLN 1.52 mln remained in the company and almost PLN 1.0 mln received PFRON.

In connection with the introduction of the plan for the reconstruction of the Polish economy and partial provision of the necessary support in occupational, social, and therapeutic rehabilitation for disabled workers, including unemployed employees of the facilities<sup>43</sup>, a new instrument has been envisaged that will enable the Company Fund for the Rehabilitation of Disabled Persons to be funded by the State Fund for Rehabilitation of Disabled Persons.

According to the new art. 33b paragraph 1, added in 2022 to the Act on Rehabilitation, ZFRON administrators may, upon an application submitted to PFRON, receive aid in the amount equal to the product of employment of the dispatcher's disabled employees and 4% of the lowest salary. The status of the rehabilitation fund administrator is determined according to the status as of the last day of each month to which the application was related.

This solution will partially compensate the funds that the fund would have been supplied with, had it not been for the changes in the tax calculation rules introduced by the Polish Government. The simulation of inflows on the Social Fund for the Rehabilitation of the Disabled in the examined entity, with the adopted assumptions from 2021, showed that in 2022 the fund may increase the amount of PLN 104,072.60, which is only 31.30% of the amount left at the plant in 2021.

However, the condition for receiving monthly funds from the new instrument is to submit to the President of the PFRON Management Board a declaration of the administrator of the rehabilitation fund on the selection of this right for individual months falling by the end of a given year, included in the application, submitted for the first time in a given year. The employment status is determined in average values and converted into full-time working hours.

The amount of funds paid directly to the ZFRON accounts will not depend on the type or degree of disability of the employees. In 2022, PFRON will finance the support from its own funds – it will transfer monthly funds within 14 days from the date of receipt of the application. From 2023, it will be able to receive a subsidy from the state budget for this purpose.

In the months for which declarations of the fund's administrator on the use of the new entitlement have been submitted, the payer does not transfer 40% of the amount of tax advances taken to PFRON and 60% of the amount of tax advances taken on the paid revenues from the titles specified in Art. 12 and on cash benefits from social insurance (Art. 38 (2d) of the Pit Act). Permissions cannot be combined.

Subsequent changes in the rules for supporting the operation of plants, and in principle the disabled, concern the funds allocated to them. And so, another change

<sup>43</sup> Act of February 24, 2022, amending the act on personal income tax, the Act on Vocational and Social Rehabilitation and Employment of Disabled Persons and the Act on the Tax on the Extraction of Certain Minerals, Journal Of Laws of 2022, item 558. The act entered into force on March 10, 2022.

in the ZPCHR financing rules will reduce their number.

## Conclusions

Numerous barriers that cause exclusion of disabled people from society and active life do not exist in sheltered workshops. Unfortunately, the legal changes that have occurred over the past twenty-five should be summed up as unfavorable. Unfortunately, the resignation of enterprises from the ZPCHR status affects the employment of disabled people, yet enterprises from the protected labor market are still their main jobs in Poland. Therefore, the difficult task of creating favorable conditions for the social and professional reintegration of people at risk of social exclusion appears before the social and solidarity economy. Due to the challenges related to employing these people – creating favorable conditions for taking up professional activity and minimizing the negative effects of unemployment – the role of social enterprises will increase.

Summing up the research carried out, it should be emphasized that the existing ZPCHR are well prepared to help their disabled employees. Thanks to the created working conditions, they contribute to the growth of the value of the enterprises in which they work.

The rights of disabled employees and the obligations of employers towards PFRON require the introduction of additional, specific documentation of the employment stage, the work itself and the dismissal of disabled people. Supported employment establishments, by creating workplaces adapted to the employee's disability, fulfill the role of social and vocational rehabilitation – they integrate employees, enable them to develop, develop their skills to participate in the life of the local community and perform roles in the workplace. They also develop the ability to perform work independently. Creating jobs prevents poverty, marginalization, and social exclusion. ZPCHR work in a comprehensive and team manner for the benefit of people in need. This is done with the help of a number of tools related to lowering the unemployment level, raising the standard of living and solving problems in the local environment.

In the literature on the subject in the field of social and solidarity economy, the way of how to run social enterprises is being discussed, and questions about their strategy are being asked: shall they proceed to maximize one's own benefits or promote the idea of the common good? However, the implementation of the assumptions of the social economy is carried out by those entities that employ people who need it, have knowledge, experience and model solutions that bring benefits to employees.

As a result of the introduced legal changes, including tax changes, there are consequences in the form of resignation of entities with the ZPCHR statute, which leads to the loss of jobs for disabled people. The decline in jobs for the most deprived

people eliminates them from the labor market and effectively reduces the possibility of earning money and social integration.

If it is expected in Poland to reduce social inequalities as well as social assistance sector and redistribution of income, and they are to be achieved with broad market access for all population groups, then sheltered workshops operational continuity is a means of ensuring the well-being of disabled people.

In the current socio-economic and legal order, it seems appropriate to focus not only on removing the identified barriers.

Transforming institutional control into partnership, simplifying legislation and broad public consultation on forthcoming legislative changes, supporting current and potential ZPCHR to attract and retain skilled workers, and continuing to develop a financing model for this area of corporate social engagement, are the natural directions for change.

As important as addressing the inefficiencies of existing solutions, the search for ways to smoothly adapt the ZPCHR to rapidly changing environmental conditions, such as the shift of a large number of actors from many industries to remote work during the pandemic<sup>44</sup>. Maintaining the status quo in this socio-economic area of activity, as in any other, is not so much a lack of progress as a backwardness, which limits even further the already high demand for ZPCHR competitiveness to operate efficiently and sustainably in the marketplace.

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