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RESEARCH ARTICLE

THE LEGAL ENVIRONMENT OF BANK GOSPODARSTWA KRAJOWEGO. THE NEW SOLUTIONS AND THE AUTHOR'S PROPOSAL FOR CHANGES

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ABSTRACT

Given the above theoretical aspects related to the economic analysis of law, the Author dedicated the core part of his independent research activity to the analysis of the national regulatory environment of Bank Gospodarstwa Krajowego, which is an example of mutual connections between the functioning of a financial institution in coexistence with the public finance system. The approach implemented into the Act on BGK in concerning the inclusion of BGK in individually calibrated prudential norms is compatible with solutions used in other European countries. Therefore, the incorporation of this type of norms into the Polish legislation would not be an oddity. EU banking legislation contains solutions that are to become the grounds for creating domestic regulations for commercial banks rather than for state-owned development banks exempted therefrom under the CRDIV.

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INTRODUCTION

Economic analysis of law is a scientific discipline that combines both economics and jurisprudence. With the use of economic tools, it defines the directions of state policy in the area of legislation. The discipline is marked by two trends: positive and normative. The positive economic analysis of law focuses on forecasting the effects of legal regulations on the functioning of economy, i.e. through economic analysis and effectiveness of the currently applicable regulations. The achievements of economic analysis of law is used to investigate the consequences of legal solutions before and after the implementation of the regulations (*ex ante* and *ex post*) by use of economic means, whereas the normative economic analysis of law, based on economic rules, provides recommendations for the conducted legislative activities. By suggesting amendments, the latter influences authorities with the intention to create legal regulations that would be more favourable for business and/or social entities.

According to Professor Jerzy Stelmach the economic effectiveness of law as a part of Law and Economics area may be presented as [Drywa, 2015]:

1. Maximisation of social welfare (Posner); the law, for the sake of its effectiveness, should facilitate the choice of

such a solution that would maximize the social welfare (social utility);

2. Improvement (enhancement) of the economic situation of at least one entity, maintaining at the same time the status of other entities (Pareto);
3. Achievement of "greater benefit" (Kaldor-Hicks); an economically effective legal solution is the one that, when adopted, makes the benefits, gained by certain entities as a result of its implementation, outweigh the losses of entities that were negatively affected by such a change;
4. Equalisation or reduction of marginal costs; from the perspective of marginal analysis, a legal solution is economically effective when it achieves a desired objective only to the point where social marginal costs of the achievement of the objective and the marginal social benefits resulting from the achievement of this objective are equal.

Subject of research and literature review

Given the above theoretical aspects related to the economic analysis of law, the Author dedicated the core part of his independent research activity to the analysis of the national regulatory environment of Bank Gospodarstwa Krajowego (BGK also referred to as 'the Bank'), which is an example of mutual connections between the functioning of a financial

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institution in coexistence with the public finance system. The Authors believes that the above issue, i.e. the national regulatory environment of a public development bank, is of great importance both with regard to the theory of economics and the economic practice. BGK has been operating (more or less intensely) since 1924 and has carved out a permanent position as a bank institution supporting the economic policy of the State. Due to the above overriding objective, the Bank has for most of its history been governed (at least partially) by different legal regulations than those imposed by the national legislature on other deposit and credit banks.

Working on the subject of BGK regulatory environment, the Author had a virtual dearth of literature on this topic. Except for the historical monograph of Professor Zbigniew Landau published in 1998 and the series of publications, similar in character, by Bronislaw Hynowski and Mateusz Wierzbicki, there are no monographic studies related to the subject under consideration. At this point, the Author indulges himself to quote Professor Tadeusz Rawski who wrote: “*When you cannot find the book that interests you, the best advice is to write one yourself*”, and confirms that he followed the Professor’s advice [Nowak, 2011].

The legal environment of Bank Gospodarstwa Krajowego

From the perspective of a theoretical model, BGK is a typical financial intermediary profiting mostly from the difference between the price of sale and purchase of money on the interbank market. The main difference between BGK and other deposit financial intermediaries (deposit and credit banks) consists in the objectives of their activity specified in normative acts, which emphasizes the Bank’s role as a public financial institution supporting the state. The objectives and the scope of BGK tasks are explained in the definition of a public financial institution cited in this chapter. The theory of information asymmetry plays a limited role in the Bank’s activity commissioned by the state, particularly in terms of the servicing of flow funds, because this activity focuses mainly on a typical service activity related to servicing and not to lending or deposit gathering.

As the BGK was established, its functioning was determined by a separate legal act. Nevertheless, it should be stressed that BGK operated also in accordance with general banking regulations, being a state bank and not a specialist governmental agency regulated not directly but respectively. The main objective of amendments to BGK Act implemented after 2003 was to strengthen the support of the Treasury of State (the Ministry of Finance) for the Bank, which was partially achieved. Therefore, the sequence of events of evolution of the legal status of BGK in scope of its security should be taken into account. At the moment of adopting BGK Act in 2003 there were no provisions which could constitute collaterals from the Treasury of State, guaranteeing the solvency and liquidity of the entire activity of the Bank. Therefore, the actual legal position of BGK in this scope did not diverge from the position granted by the legislator to commercial banks.

Taking into account the fact that BGK combines the realization of its basic objectives with the market activity related to its mission and that it may perform all activities specified in the Banking Law Act, the general application of this Act seems a natural consequence. However, the position and role of BGK in the banking sector is incomparable with other banks, and in particular with banks acting in the form of joint-stock companies. This stems from essential distinctions of BGK concerning among others its legal status, the structure of its bodies, the aims of its activity, its tasks, financing of its activity or the issues of bankruptcy and liquidation. In the author’s opinion the special position of BGK in the banking sector in some areas justifies a different approach of domestic bodies and institutions influencing the Bank’s functioning. This position should impact the manner of performing supervision by the Financial Supervision Commission. The examples of the Bank’s activity and its role in national economy presented in this elaboration fully legitimize the introduction of a separate Act and some *lex specialis* regulations compared to the general banking law regulations to which other commercial banks are subject.

BGK, established under the Regulation of the President of the Republic of Poland of 30 May 1924 on the fusion of the State Credit Institutions into Bank Gospodarstwa Krajowego is a state-owned bank in the understanding of the Act of 29 August 1997 -the Banking Law. Unless law provisions specify otherwise, the provisions of the Act of 29 August 1997 -the Banking Law apply to BGK’s activity.

The fundamental goals of the activity of BGK, in the scope defined by this Act and separate regulations, include supporting economic policy of the Council of Ministers, governmental social and economic programmes and local government and regional development programmes implemented with the use of public funds.

The tasks of BGK include:

1. The implementation of actions specified in the Act of 29 August 1997 - Banking Law;
2. Servicing the funds established, entrusted or turned over to BGK pursuant to separate acts;
3. the handling of export transactions with the use of export-promotion tools and promotion of exports of Polish goods and services, in compliance with separate regulations or as part of implementation of government programmes;
4. the performance of activities related to credit institutions which have been liquidated or pronounced as such pursuant to:
 - a) the decree of 25 October 1948 on the principles and mode of liquidation of certain banking enterprises,
 - b) the decree of 25 October 1948 on the principles and mode of liquidation of certain long-term credit institutions,
 - c) the decree of 25 October 1948 on the banking reform.
5. conducting, directly or indirectly, the guarantee activity in respect of the implementation of the governmental programmes or on behalf or on the account of the State Treasury, on the basis of the Act of 8 May 1997 on warranties and guarantees granted by the State Treasury

and certain legal persons, in particular for the sector of small and medium enterprises;

6. making statements which are considered official documents, within the meaning of Article 95.1 of the Act of 29 August 1997 - the Banking Law, which allow for the deletion of entries made into sections III and IV of the land and mortgage registers or collections of documents, made in favour of:
 - a) the credit institutions liquidated or considered liquidated on the basis of the decrees referred to in item 4,
 - b) the State Treasury in respect of:
 - purchase of the land and inventory from the State Land Fund, as established by the decree of 6 September 1944 on Agricultural Reform,
 - credits and loans granted during the years 1945-1990 for the demolition and repair, completing the construction process, superstructure, renovation and redevelopment of buildings, for the sale of land for development and the State's sale of family and multi-family houses,
 - c) the State Treasury or the entities whose State Treasury is a successor, made prior to 1 September 1939;
7. supporting the development of residential construction, in particular the construction whose aim is to construct residential premises for rent, in compliance with separate regulations or in connection with the implementation of governmental programmes.

The minister pertinent to the matters of public finance may:

- 1) assign state treasury for the increase of the BGK's statutory fund;
- 2) grant BGK a loan from the state budget to increase its equity funds.

If BGK possesses equity funds at a level higher than the level which BGK shall maintain in compliance with the Act of 29 August 1997 - the Banking Law, and the prudence requirements with which BGK complies, the Supervisory Board may, at a request of the minister pertinent to the matters of financial institutions, by its resolution, decrease a statutory fund.

The most important systemic amendment for the functioning of BGK was the amendment to BGK Act of 2009 imposing the liquidation of the National Housing Fund, European Union Sureties Fund and National Credit Sureties Fund. Means from the liquidated funds were transferred to statutory funds of BGK. Credits and sureties granted from the means of the said funds influenced the total capital requirement whereas the means of the said funds were not recognized as the Bank's own funds. It is to be emphasized, however, that after the entry into force of the aforesaid systemic amendment, the Bank still provides support for guarantee, surety and social housing systems, but in the case of government programmes based on specified legal acts the said support is no longer granted in the form of a fund.

Despite the implementation of amendments to BGK Act between 2009 and 2011, the important issue related to the equalisation of the weight of risk on the Bank's obligations with the risk on the obligations of the Treasury still remains

unsolved (the weight of risk on current obligations of the Bank is equal to that of commercial banks). In my opinion, further work on systemic solutions for BGK is necessary, particularly with regard to the issue of the aforementioned weight of risk on obligations and subjective *lexspecialis* regulations related to some community legislation facilitating the achievement of public objectives of the Bank's functioning and maintaining, at the same time, the scope of its security.

Creating public financial institutions functioning in accordance with separate legal regulations, other than those of deposit and credit institutions, is a common solution used by the member states of the European Union. Compared to domestic procedures of banking law, *lexspecialis* regulations are conditional on the legislation of each country (lack of one model of a public financial institution). *Lex specialis* regulations in some countries are limited only to the definition of objectives of activity of the said institution. Nevertheless, more and less significant deviations from the supervisory standards and general rules of submission to domestic institutions of financial supervision are not infrequent. However, in each of the analyzed examples, a reduced weight of risk on obligations can be observed in comparison with commercial banks.

The proposed changes refer primarily to amending BGK Act, but also tackle issues related to the Banking Law Act, tax regulations, and other provisions from the public finance area. The proposed amendments are intended exclusively to reflect in domestic law the rule of legal dichotomy applied in community law which is expressed in the distinct regulations of domestic law for commercial banks and some public financial institutions exempted from the obligation to comply with the EU regulations.

The intention behind passing a separate act on BGK was specify the objectives of BGK activity by the statute, which was to serve primarily as a form of distinguishing the Bank from other commercial banks, even from those controlled by the state. During the process of drafting the bill of BGK Act, the legislator was aware of the subjective exemption of the Bank from the then effective banking directives following Poland's accession to the European Union. However, the provisions of the bill and, consequently, of the adopted act did not contain any *lexspecialis* regulations allowing the bank to use the subjective exemption. The only exception introduced by passing BGK Act concerned the adoption of provisions of article 128b of the Banking Law Act that provided an optional solution for the financial supervisor to exempt the part of the Bank's commissioned activity (services for funds) from the obligation to comply with some of the prudential norms. In practice, due to the restrictive conditions (no risk for the Bank resulting from this activity), the use of the exemption was impossible.

New regulation coming into force 2015

Since 1 of November 2015 BGK shall comply with:

1. the prudential principles and requirements specified in Articles 1-24 and Articles 456-521 of the Regulation of the European Parliament and of the Council of 26 June

2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, hereinafter referred to as the “Regulation No 575/2013”, and the laws adopted in compliance with the provisions of the Regulation,

2. the prudential requirements determined in the following provisions of the Regulation No 575/2013, in respect of:
 - a. equity funds - Article 25-91,
 - b. capital requirements - Article 92-386,
 - c. high exposures - Article 387-403,
 - d. exposure in respect of the transferred credit risk - Articles 404-410,
 - e. liquidity - Article 411-428,
 - f. financial leverage - Article 429-430,
 - g. disclosure of information - Article 431-455,
 - h. unless the separate regulations specify otherwise.

With regard to the non-balance sheet exposures of BGK which occur as a result of warranties and guarantees granted the implementation by BGK of the governmental programmes, resulting from warranties or guarantees of the credit portfolio, referred to in Article 128b.2.1 of the Act of 29 August 1997, the Banking Law, and satisfying the qualification requirements set by the bank extending a credit facility for a category of retail exposures referred to in Articles 123.a and 123.b of the Regulation No 575/2013, BGK does not apply:

1. the requirements referred to in Article 395.1 of the Regulation No 575/2013;
2. the principles to determine the requirement for equity funds in respect of the credit risk, as provided for in the Regulation No 575/2013, in respect of:
 - a. verification of the exposure’s satisfying the qualification requirements for a category of retail exposures, referred to in Article 123 of the Regulation No 575/2013,
 - b. individual classification of exposure to a category of retail exposures.

With regard to the non-balance sheet exposures of BGK which occur due to credit guarantees granted by these funds resulting from warranties or guarantees of the credit portfolio, in the form of re-guarantees for the liabilities of the guarantee funds, referred to in Article 128b.2.1 of the Act of 29 August 1997, Banking law, and which satisfy, with the bank granting a credit facility to be subject to a warranty or guarantee, the qualification requirements in respect of retail exposure category, as specified in Articles 123.a and 123b of the Regulation No 575/2013, BGK shall not apply:

- 1) the requirements referred to in Article 395.1 of the Regulation no 575/2013;
- 2) the principles to determine the equity fund requirements in respect of the credit risk as specified in the Regulation No 575/2013, with regard to:
 - a. verification of the exposure’s satisfying the qualification requirements concerning a category of retail exposures, referred to in Article 123 of the Regulation No 575/2013,
 - b. individual classification of exposure for retail exposure category,
 - c. classification of exposure to a bad exposure category.

With regard to the non-balance sheet exposures of BGK which occur as a result of granting by BGK guarantees under the guarantee lines, in connection with the implementation of the governmental programme, resulting from the credit portfolio guarantees, referred to in Article 128.2.1 of the Act of 29 August 1997, the Banking Law, BGK shall not apply:

1. the requirements referred to in Article 395.1 of the Regulation no 575/2013;
2. the principles to determine the equity fund requirements in respect of the credit risk as specified in the Regulation No 575/2013, with regard to:
 - a. verification of the exposure’s satisfying the qualification requirements concerning a category of retail exposures, referred to in Article 123 of the Regulation No 575/2013,
 - b. individual classification of exposure for retail exposure category.

With regard to the matters not referred to above, the Polish Financial Supervision Authority may, while acting at the request of BGK, release the bank from some obligations to comply with prudence requirements, or limit their application, taking into consideration a need to ensure the safety of activity conducted by BGK and the funds deposited there, and effectiveness of the implementation of the tasks referred to the main target of the activity of BGK.

The minister pertinent to the matters of public finance shall allocate BGK the funds to maintain:

1. equity funds in the amount which will guarantee the performance of the tasks,
2. liquidity,
- taking into account a need to cover the risk of banking activity assumed by BGK.

The above obligation shall satisfy the credit protection requirements, within the meaning of Articles 213-215 of the Regulation No 575/2013, granted by the State Treasury. The exposures towards BGK are assigned a significance of risk, in compliance with Article 114.4 of the Regulation No 575/2013. In the event of BGK’s liquidation, its property and liabilities shall vest upon the State Treasury on the date of liquidation. BGK shall not assume the exposure towards:

1. a group of affiliated clients referred to in Article 4.1.39 of the Regulation No 575/2013;
2. a state bank;
3. an investment referred to in Article 3.1 of the Act of 27 May 2004 on Investment Funds
- whose ownership, after taking into consideration the effect of limitation of a credit risk referred to in Articles 399-403 of the Regulation No 575/2013, exceeds 50% of the value of the approved capital of BGK, referred to in Article 4.1.71 of the Regulation.

If the investment complies with the basic objectives of BGK, Bank may implement investments in:

- 1) the entities which acquire the funds from investors for the investment purposes, in compliance with the determined

investment policy, for the benefit of these investors, which:

- a. are supranational, in particular, the European Central Bank, the European Investment Bank, the European Investment Fund, the European development financial institutions and bilateral developments, the World Bank, the International Currency Fund and any other supranational institutions and similar international organizations, or
 - b. has been established by state banks, foreign banks, credit institutions, financial institutions, international financial institutions, domestic or foreign public finance sector entities, or
 - c. has been established by the entities with participation of institutions, banks or the entities referred to in points a and b, or
 - d. has been established by BGK, along with institutions, banks or the entities referred to in points a and b, or the entities referred to in point c, or
 - e. conduct the activity referred to in Article 3.1 of the Act of 27 May 2004 on Investment Funds;
2. the transferrable instruments or the instruments issued by the entities referred to in point 1.

BGK will be able also to perform a role of an entity implementing the financial instrument or the funds referred to in the Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006.

CONCLUSION AND THE AUTHOR'S PROPOSALS

The approach implemented into the Act on BGK in concerning the inclusion of BGK in individually calibrated prudential norms is compatible with solutions used in other European countries. Therefore, the incorporation of this type of norms into the Polish legislation would not be an oddity. EU banking legislation contains solutions that are to become the grounds for creating domestic regulations for commercial banks rather than for state-owned development banks exempted therefrom under the CRDIV. The norms specified in the aforementioned EU regulations may constitute only a point of reference for the creation of a separate regulation for the activity of state development banks by the national legislator. There is neither an obligation nor a substantive (prudential) necessity to completely translate them into the acts of national law. A distinct approach (understanding) would in fact derogate the exemptions of public development banks from the provisions of the CRDIV/CRR package by the said package, whereas the aim of the EU legislator was precisely to allow to consider individual conditions of functioning of this type of institutions. With respect to BGK's counterparts, the specialized credit institutions exempted on community level from the CRDIV directive, and hence from the CRR regulation, a common

practice is to exempt them from domestic banking law and to utilize only part of the general norms of banking law (KfW, CDC, CDP), or to utilize them as a principle, allowing for considerable exceptions (MFB, SID Bank).

Legislative solutions adopted in Polish national law (BGK Act) combine the objectives of the Bank's functioning based on the norms and actions specified in the Banking Law Act. This solution does not imply the privileged position of the Bank compared to the other commercial banks, particularly in the context of its mission activity on the market. Furthermore, it should be pointed out that no regulations exclude the necessity of conducting a profit-oriented business activity. Both mission activity on the market and the ownership-related approach to the recapitalization of BGK by the Treasury of State are governed by market rules and the so called private investor test. In the case of commissioned tasks, the Bank receives certain remuneration and is subject to the public aid regime only in cases specified in the EU law (block exemptions or notified aid schemes).

For BGK Act the Author proposed to introduce a statutory restriction of BGK's activity to the areas of support of the State.

In accordance with its strategy and mission, the activities of the BGK consist in particular of fulfilling the role of an entity offering services complementing those available from other commercial entities on market conditions (the "last cent" necessary to finance the project). The BGK does not currently conduct servicing of the accounts of individuals. It also does not offer credits and deposits for individuals. With regard to the above it seems reasonable to introduce a statutory restriction of BGK's activity in relation to individuals, which would be compliant with its mission and objective, with exceptions in the scope of statutory tasks, government programmes, remedial measures undertaken by the BGK with regard to other financial institutions, and a new solution in scope of the so-called reverse mortgage.

The proposal of new provisions is presented below [Skuzka, 2015]:

1. The BGK does not perform activities referred to in Articles 5 and 6 of the Banking Law Act of 29 August 1997, for the benefit of individuals, unless:

- 1) the obligation to perform such activities results from regulations of statutes or provisions of a government programme;
- 2) the performance of such activities is related to:
 - a. the BGK taking over the receivables and liabilities of a state-owned bank, a credit institution, a foreign bank as understood by the Banking Law Act of 29 August 1997, or a cooperative credit and saving union referred to in Article 1 of the Cooperative Credit and Saving Unions Act of 9 November 2009 (Journal of Laws of 2013, item 1450, as amended),
 - b. involvement of the BGK in remedial, liquidation or bankruptcy proceedings of entities referred to in letter a);
- 3) such activities consist in the BGK rendering services offered by state-owned banks as understood by the

Banking Law Act of 29 August 1997 pursuant to the Reverse Mortgage Act of 23 October 2014 (Journal of Laws of 2014, item 1585), or offering the purchase of bonds, bank securities or covered bonds issued by the BGK.

For the acts other than BGK Act the Author proposed to exempt BGK from the payment of corporate income tax.

The proposal of amending the Corporate Income Tax Act of 15 February 1992 results from the fact that the BGK, being a state development bank, transferring earnings to the state budget in circumstances specified by the law, is not an institution which should pay corporate income tax. The essence of the activity of the BGK is supporting governmental economic and social programmes, as well as local government and regional development programmes including those realized with the use of public funds (Article 4 of the BGK Act). The activity of the Bank focuses on the realization of tasks entrusted to it by the government and on servicing public finance sector units, including local government units and communal companies. In scope of the realization of government programmes the Bank, i.e. supports infrastructure projects and investment related to the growth of the small and medium enterprises sector, is involved in the programme of subsidizing interest of credits for removal of the effects of floods, handling various types of funds and export transactions as well as conducting guarantee and surety activity, also on behalf of and for the benefit of the Treasury. With regard to the aforementioned special character of the BGK, its activity does not constitute competition for commercial banks, so exempting it from the Corporate Income Tax Act would not be regarded as disturbing market competition.

Article 6.1 of the Corporate Income Tax Act includes a list of entities exempted from the tax. They fall into one of two categories: one is constituted by entities related to the state budget or budgets of local government units, and the second by entities paying income tax in other member states of the European Union or the European Economic Area. In the case of the first group of entities their profit, which could constitute a potential basis for taxation, is transferred to the budget of the state in a form other than tax, e.g., direct payments. This also pertains to the BGK, which has not been enumerated in Article 6.1 of the Corporate Income Tax Act, and which transfers part of its profit to the state budget. In other words, in the case of the BGK there is a de facto division of its cash flow into two forms: a direct payment and an income tax. Additionally, pursuant to Article 5c of the BGK Act, the Supervisory Board of the Bank, on request of the minister responsible for the affairs of financial institutions, may by way of resolution lower the statutory fund by means of paying monies to the state budget, gratuitous transfer of treasury securities to the Treasury or gratuitous transfer of shares or stock previously transferred to the BGK for the purpose of increasing the statutory fund back to the Treasury or another state-owned legal entity. Payment of income tax by the BGK is transferring funds being at the disposal of the state at any rate.

Another argument for the exemption of the Bank from the Act may be the solutions adopted in an analogical situation in

member states of the European Union. In Germany, pursuant to Paragraph 5.1.2 of the Income Tax Act (Körperschaftsteuergesetz) of 15 October 2002, federal and land development banks such as Kreditanstalt für Wiederaufbau, Landwirtschaftliche Renten bank, Bayerische Landesanstalt für Aufbaufinanzierung or Investitions bank Berlin (there are 22 entities enumerated in total in Paragraph 5.1 of the Act), are exempted from tax benefits on the same terms and conditions as the Bundes bank, the German equivalent of the National Bank of Poland.

Pursuant to Croatian legislation profit tax is not paid by the Croatian Development Bank HBOR (Croatian Bank for Reconstruction and Development, OJ 138/2006, OJ 25/2013). In the Croatian banking system the HBOR fulfills the role of export and development bank established for the purposes of financing the redevelopment and growth of the Croatian economy. The HBOR fulfills topdown commissioned tasks by means of conducting programmes for the development of the economy, promoting exports, tourism, infrastructure and supporting state-owned enterprises in the scope of financial services, including the granting of credits and guarantees.

In Finland the legislators exempted a financial institution other than a bank – Finnvera Oyj- from the obligation to pay income tax. The Finnish legislators decided that on account of the specific character of the company promoting development of mainly small and medium enterprises, supporting exports and internationalization of companies by means of conducting guarantee programmes and offering widely understood financial services, it seemed legitimate to exempt FinnveraOyj from the mandatory 26% income tax. It has been estimated that the introduction of the aforementioned tax exemption will save Finnvera Oyj around 10 to 15 million Euros each year, and this capital will be used to appraise financial services for the benefit of clients. It has been clearly accented by the legislator that Finnvera Oyj should not receive any benefits on account of being exempted from the corporate income tax, and the change is aimed exclusively at supporting the domestic market.

Taking into account the solutions adopted in the above banks and financial institutions and the fact that the activity of the aforementioned institutions is very similar to the activity conducted by the BGK, it seems reasonable to introduce similar terms and conditions pertaining to an exemption of the BGK from the provisions of the Corporate Income Tax Act, as the only Polish state development bank.

The proposal of new provisions is presented below [Skuza, 2015]:

Point 2a in the following wording is added to Article 6, item 1 after point 2 of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws No. 21, item 86, as amended):
2a) Bank Gospodarstwa Krajowego.

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