Payroll Hong Kong (PY- HK)

HEB.PYHK

Release 4.6C

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Payroll Hong Kong (PY- HK)

Purpose

This component allows you to process the payroll for the employees of your organization in Hong Kong, using data from the SAP Personnel Administration component. In addition, you can run a number of payroll reports that generate information that you can use to analyze the payroll.

Implementation Considerations

You must take into consideration the other areas in SAP HR, in particular Personnel Administration, when implementing the Hong Kong payroll.

Integration

The payroll component is closely integrated with the other areas in SAP HR, as well as other SAP modules such as Financial Accounting and Controlling.

Payroll in the SAP System

Purpose

You can use this component to calculate the remuneration for work done for each employee.

However, *Payroll* does not just involve the calculation of remuneration, but consists of a variety of processes that are becoming increasingly important due to the employer's increased obligation to supply benefits and medical welfare. These benefits are products of:

- Labor law

- Tax law

- Contribution law

- Benefits law

- Civil law

- Reporting law

- Information law

- Statistics law

Integration

Payroll can be integrated in *Personnel Administration, Time Management, Incentive Wages and Accounting*:

- Standardized data retention enables you to use master data and other payroll relevant data from *Personnel Administration.*

- Time data, entered via *Time Management*, is automatically included in the *Payroll* and is valuated during the payroll run.

- Data from the *Incentive Wages* component is used to calculate piecework wages and premium wages directly in *Payroll*.

- Information on expenses and payables from *Payroll* is posted for accounting directly in *Financial Accounting,* and you assign the costs to the appropriate cost center. You can also control the financial system of third-party providers.

Features

The System calculates the gross and net pay, which comprises the individual payments and deductions that are calculated during a payroll period, and are received by an employee. These payments and deductions are included in the calculation of the remuneration using different wage types [Extern].

After the remuneration payroll you can carry out various subsequent activities, for example, you can see to remuneration payment or the creation of various lists, and make evaluations.

PY-HK Mandatory Provident Fund (MPF)

Purpose

The Mandatory Provident Fund Schemes Ordinance provides a formal system of retirement protection for employees in Hong Kong. It is an obligatory contributory system, under which members of the workforce aged between 18 and 65 must participate and contribute to registered MPF schemes.

MPF schemes require mandatory contributions from both employees and employers. In addition, both employer and employee can choose to make extra, voluntary contributions.

When the employee reaches retirement age, the employee can withdraw the benefits accrued from mandatory contributions in the MPF schemes in a lump sum.

Implementation Considerations

The SAP system implements an MPF retirement scheme by dividing it into the following:

Contribution Plan [Seite 66]	This component processes the periodic mandatory and voluntary contributions made by the employee and employer.
Entitlement Plan [Seite 11]	This component calculates the employee's benefits accrued upon retirement.

Integration

For MPF retirement schemes, a contribution plan has its corresponding entitlement plan. When you enter an employee's data into the *Contribution Plan* infotype (*0346*), the system prompts you for data in the corresponding *Entitlement Plan* infotype (*0347*).

Features

You can:

- Set up default retirement plans for different employee groups

- Allow employees to transfer from one plan to another plan. You can also restrict the transfer of plans according to eligibility

- Define variable contribution amounts, with a default amount

- Calculate the contribution amount using a matrix of the employee's years of enrollment, age, and income

- Vest the employer's contribution through a matrix of years of enrollment, age, and termination reason

- Calculate the entitlement using a matrix of the employee's years of enrollment, age, termination reason, and wages

See also:　　　　Occupation Retirement Schemes Ordinance (ORSO) [Seite 9]

PY-HK Occupational Retirement (ORSO) Schemes

Purpose

Besides the Mandatory Provident Fund (MPF) Schemes [Seite 8], companies may also provide their employees with other voluntary occupational retirement (ORSO) schemes. These schemes can be divided into the following categories:

- The first type of schemes require contributions from the employee and the employer. When the retirement scheme matures, the employee then receives the benefits accrued in the form of an entitlement sum.

- The second type of retirement schemes do not require employee contributions. At retirement age, the employee receives the benefits accrued in the form of an entitlement sum.

Integration

ORSO schemes use the following components:

Contribution Plan [Seite 66]	This component processes the periodic contribution made by the employee and employer. This only applies to those schemes that require employee and/or employer contributions
Entitlement Plan [Seite 11]	This component calculates the employee's benefits accrued due on retirement.

⇨ Schemes with a contribution plan have a corresponding entitlement plan. When you enter an employee's data in the *Contribution Plan* infotype (0346), the system prompts you for additional data in the *Entitlement Plan* infotype (0347).

Features

- You can define default retirement plans for different employee groupings

- Employees can transfer their contribution and entitlement from one plan to another eligible plan

- Contribution amounts are variable, with a company default

- Contribution amounts can be calculated through a matrix of years of enrollment, age, and income

- Entitlement can be calculated through a matrix of years of enrollment, age, termination reason, and the employee's wages

- Employer's contribution can be vested through a matrix of years of enrollment, age, and termination reason

PY-HK Gross Payroll Accounting

Purpose

The gross payroll component for Hong Kong processes employee's data from Personnel Administration and generates wage types that are used in Net Payroll. Pre-tax deductions are included when processing Gross Payroll.

PY-HK Entitlement Plan

Purpose

All companies in Hong Kong must enroll their employees in a <u>Mandatory Provident Fund (MPF) scheme [Seite 8]</u>. Some companies may also let their employees enroll in one or more <u>occupational retirement (OCRO) schemes [Seite 9]</u>. When the employee reaches retirement age, the employee will receive the benefits accrued from the schemes he has enrolled in.

The Entitlement Plan component records and processes the employee's benefits accrued in the form of an entitlement amount.

Integration

Some retirement schemes require contributions from the employee and employer. Employee contribution, for example, can be a monthly deduction from salary. To implement such schemes in the system, you must use the <u>Contribution Plan [Seite 66]</u> component as well.

Features

You can:

- Group all employees that are eligible to join the same retirement schemes

- Allow employees to transfer from one eligible retirement scheme to another

- Allow employees to accrue their entitlement by crediting previous entitlement

- Calculate entitlement using a matrix of years of enrollment, the employee's age, and reason for termination. This applies to schemes for which there is no employee contribution

- Calculate entitlement using reference to contributions paid, declared returns as well as the enrollment period, the employee's age, and reason for termination. This applies to schemes for which there are employee and employer contributions

- Offset the employer's portion of the entitlement against the employee's severance or long service payment. This applies to schemes for which there is an employer's contribution

PY-HK Implementation of an Entitlement Plan

Purpose

Implementing the Entitlement Plan component allows the SAP system to record and process the employee's benefits accrued by enrolling in the Mandatory Provident Fund (MPF) scheme [Seite 8] or other occupational retirement (ORSO) schemes [Seite 9] provided by the company.

Prerequisites

Some schemes require employee and employer contributions. You must also implement a Contribution Plan [Seite 66] for such schemes.

Process Flow

Implementing the Entitlement Plan involves the following:

- Define the schemes that are available for employees to enroll in

- Define the type and nature of schemes that are available for different groups of employees. Some examples of different types of schemes follow:

Schemes	Example 1	Example 2
Type	Employer sponsored scheme	Master trust scheme
Nature	Company self funding	Mandatory provident fund

- Enter the details of the organization that provides each scheme. Some schemes may be provided internally, while others are provided by external organizations

- Define specific information about each scheme, including the provider, the type of scheme, the calculation base used to calculate the entitlement, and more

- Define the eligibility groupings used to differentiate groups of employees enrolling in different schemes. You must also define the eligibility period for each grouping

- Define the transfer rules for changing from one scheme to another

- Define the method in which the employee chooses to withdraw entitlement. In addition, you can define the wage type in which the entitlement amount is stored

- Define the vesting schedule and multiplier for each scheme, if applicable

> To do this in customizing, choose *Payroll Hong Kong* → Entitlement Plan [Extern] from the implementation guide (IMG).

Result

When you have implemented the entitlement plan, you can:

- Group employees into eligible groups

- Enroll employees into the relevant entitlement plan

- Transfer employees from one eligible plan to another

See also: Implementation of a Contribution Plan [Seite 67]

PY-HK Entitlement Plan Infotypes

Definition

These are the infotypes you need to record and process the benefits accrued by enrolling in the Mandatory Provident Fund (MPF) schemes [Seite 8] and other occupational retirement (ORSO) schemes [Seite 9].

Integration

Schemes that require employee and employer contributions also require corresponding contribution plan infotypes [Seite 69].

PY-HK Entitlement Plan (0347)

Definition

This infotype stores the entitlement portion of a Mandatory Provident Fund (MPF) scheme [Seite 8] or occupational retirement (ORSO) scheme that an employee enrolls in.

Use

When an employee enrolls in a scheme, you enter the enrollment details for the entitlement portion of the scheme. This includes administrative details such as the employee's account number. You can also include details of previous schemes if the current scheme allows the employee to transfer those details from the previous scheme.

When the employee terminates employment, the entitlement due is calculated internally, or by an external party. If an external party calculates the entitlement, you enter the amount here.

For schemes that are based on contributions from employee and employer, the entitlement amount is divided into employee and employer amounts, and sub-divided into mandatory and voluntary amounts. The employer's portion can be used to offset its liability for long service payment or severance payment.

By dividing the entitlement into mandatory and voluntary amounts, you can treat each portion differently. For example, in MPF schemes, there must be full and immediate vesting of mandatory employer contributions, but not for the voluntary contribution. Also, the employee's mandatory contribution may need to be withheld until the employee retires, but there may be more flexibility with the voluntary amount.

Structure

The account number field contains a unique ID of the employee who is enrolled in the scheme.

Previous plan

The data contains details about credit from a previous scheme the employee was enrolled in. This includes the previous scheme, the payout amount of the previous entitlement, and the period for which the employee was enrolled in the previous plan.

Withdrawal details

Besides dividing the entitlement into employee and employer amounts, and sub-dividing into mandatory and voluntary amounts, you can define the type of withdrawal for the entitlement, and specify if the entitlement is processed by the system.

Integration

For schemes that require employee and employer contributions, the Entitlement Plan has a corresponding Contribution Plan infotype (0346) [Seite 70] to record and process contribution details.

PY-HK Contribution/Entitlement Eligibility (0349)

Definition

This infotype limits the employee to a specific group of retirement schemes an employee can enroll in. These schemes include occupational retirement (ORSO) schemes [Seite 9] as well as Mandatory Provident Fund (MPF) [Seite 8] schemes.

Use

An employee is mandated to join the MPF scheme. The employee may also be eligible to join other ORSO schemes, depending on the employee's seniority and occupation, as well as other company requirements.

The system allows you to organize employees into different groups, with each group eligible for specific schemes.

PY-HK Eligibility Grouping for Entitlement Plan

Use

Some companies allow different groups of employees to enroll in different retirement schemes. For example, executives are allowed to enroll in retirement schemes A and B, while non-executives can only enroll in retirement schemes C and D.

In the SAP system, you can group employees by their eligibility to enroll in specific groups of retirement schemes.

Integration

For retirement schemes that require employee and employer contributions, you must also create eligibility groups for contribution plans [Seite 73].

Activities

Before you can assign the eligibility grouping for each employee, you must set up the eligibility grouping for each entitlement plan. This includes:

- Defining the different groupings of employees in your organization. From the Hong Kong payroll implementation guide (IMG), go to *Payroll Hong Kong → Entitlement Plan →* Define retirement entitlement eligibility grouping [Extern]

- Assigning entitlement plans for each eligible group of employees. From the Hong Kong payroll implementation guide (IMG), go to *Payroll Hong Kong → Entitlement Plan →* Define retirement benefit entitlement eligibility rules [Extern]

- Defining transfer rules for moving between eligible entitlement plans in a group. From the Hong Kong payroll implementation guide (IMG), go to *Payroll Hong Kong → Entitlement Plan → Define retirement benefit entitlement transfer rules [Extern]*

After you have customized the eligibility groupings for your organization, you can assign each employee to the appropriate grouping using the Contribution/Entitlement Eligibility infotype (0349) [Seite 72].

PY-HK Assigning the Entitlement Eligibility Grouping

Use

By assigning an employee to an entitlement eligibility grouping, you control the retirement schemes that the employee can enroll in.

Prerequisites

You must set up the eligibility groupings. Under *Payroll* in the implementation guide (IMG), go to *Payroll Hong Kong → Entitlement Plan →* Define retirement entitlement eligibility grouping [Extern].

In addition, if the retirement scheme requires employee and employer contributions, you must also assign the employee to a contribution eligibility grouping [Seite 74].

Procedure

1. Choose *Human Resources → Personnel Management → Administration → HR Master Data → Maintain*.

    The *Maintain HR master data* screen appears.

2. Enter the *employee's personnel number*, and then enter `0349` in the Infotype field of the Direct selection section of the screen to access the Contribution/Entitlement Eligibility infotype (0349) [Seite 72].

3. Choose *Create*.

    The *Create Cont/Ent Eligibility* screen appears.

4. Enter the appropriate entitlement plan eligibility grouping for the employee.

5. Save.

Result

The entitlement plan eligibility grouping is created for the employee.

PY-HK Offset Entitlement Against Severance Payment

Purpose

An employee, who leaves the company, receives a long service payment or a severance payment. An employer, who contributes to the employee's retirement scheme, can use the benefits accrued from the employer's contribution to offset these payments of a leaving employee.

For example, if the benefit accrued from the employer's contribution is $50,000 and the amount of severance payment is $80,000, then you can apply to withdraw $50,000 from the employee's MPF account for (partial) payment, and pay $30,000, from your own funds, to the leaving employee.

The SAP system can be set up to account for these payments automatically.

Prerequisites

You must set up the long service or severance payment function before you offset the employer's portion of the entitlement against the long service or severance payment. To set up the long service or severance payments in customizing, choose *Payroll Hong Kong* → Termination [Extern] from the implementation guide (IMG).

PY-HK Assigning an Entitlement Plan

Use

In the SAP system, you use the Entitlement Plan to record and process the benefits accrued by an employee who has enrolled in a Mandatory Provident Fund (MPF) scheme [Seite 8] or other occupational retirement (ORSO) scheme [Seite 9].

Prerequisites

You must first assign the employee to eligible entitlement groupings [Seite 18] to control the retirement schemes that the employee can enroll in.

Some schemes (including MPF) require that the employee contribute to the scheme. For such schemes, you must first assign the employee to a contribution plan.

When you have assigned that employee a contribution plan [Seite 75], the system displays the *Entitlement Plan* infotype (0347) for you to enter the appropriate entitlement data of the scheme.

Procedure

6. Choose *Human Resources → Personnel Management → Administration → HR Master Data → Maintain*.

    The *Maintain HR master data* screen appears.

7. Enter the employee's personnel number, and then enter 0347 in the *Infotype* field of the *Direct selection* section of the screen to access the *Entitlement Plan* infotype (0347).

8. Choose *Create*.

    A list of eligible MPF and ORSO schemes appears.

9. Select the appropriate scheme from the list.

    The *Create Entitlement Plan* screen appears.

10. Enter the appropriate entitlement plan information for the employee in the Entitlement Plan infotype [Seite 15].

11. Save.

Result

The employee is enrolled in the selected entitlement plan.

PY-HK Transferring Entitlement Plans

Use

An employee can transfer from one eligible retirement scheme to another. For example, when an employee moves to a more senior position, the employee can choose to upgrade to another eligible retirement scheme.

You can record this transfer of retirement schemes in the system, including crediting any benefits accrued from the previous scheme to the new scheme.

Prerequisites

You must have set up the rules for transferring between eligible entitlement plans. In customizing, go to *Payroll Hong Kong → Entitlement Plan →* Define retirement benefit entitlement transfer rules [Extern].

Procedure

12. Choose *Human Resources → Personnel Management → Administration → HR Master Data → Maintain*.

    The *Maintain HR master data* screen appears.

13. Enter the *employee's personnel number*, and then enter 0347 in the Infotype field of the Direct selection section of the screen to access the *Entitlement Plan* infotype (0347).

14. Choose *Change*.

15. Select the appropriate scheme from the list.

    The *Change entitlement plan* screen appears.

16. Choose *Transfer*.

    The *Transfer entitlement plan* dialog box appears for you to enter the plan to transfer to.

17. Choose the entitlement plan that the employee is being transferred to.

    A new *Create entitlement plan* screen appears for you to enter the new data.

18. Enter the information for the new entitlement plan in the appropriate fields.

19. Save.

Result

The employee is enrolled in the new entitlement plan.

See also:

Assigning a Contribution Plan [Seite 75]

Assigning an Entitlement Plan [Seite 20]

PY-HK Guaranteed Payments

Purpose

A guaranteed payment is an annual bonus that is paid to an employee. It is paid at the end of the year, and the amount is calculated as a factor of the employee's pay. For example, a guaranteed payment can be the equivalent of two times the employee's monthly salary.

The guaranteed payments component lets you set up, define, and process an employee's guaranteed payment.

➡️

> Guaranteed payment is also known as end-of-year (EOY) payment, thirteen month payment, or annual bonus.
>
> An employee is eligible to receive a guaranteed payment if the employee has completed the probation period [Seite 25].

Implementation Considerations

In the payroll environment, guaranteed payments can be calculated in the following scenarios:

- You include the calculation of guaranteed payments in the regular payroll run. The employee is paid monthly salary and the guaranteed payment

- You calculate the guaranteed payments in a separate (off-cycle) payroll run. This is a once-off payroll run that calculates the employee's guaranteed payment

- When an employee terminates employment, you must calculate guaranteed payment as part of final regular payments

You must ensure that all of these scenarios are taken into consideration when you implement the guaranteed payments [Seite 23] component.

➡️

> To set up these scenarios, in customizing, choose *Payroll Hong Kong → End-of-Year (EOY) Payments →* Define end-of-year (EOY) payment scenarios [Extern].

Features

You can:

- Assign different guaranteed payments for different employees. This is done by creating organizational groupings and employee groupings, and then assigning these groupings to guaranteed payments settings

- Assign different valuation of a month's bonus for different employees. For example, one employee uses the average annual salary, and another uses December's salary as the calculation basis for guaranteed payments

- Prorate an employee's guaranteed payment if the employee terminates employment before the end of the financial year

You enter an employee's guaranteed payment [Seite 30] data using the *Contract Elements* infotype (0016).

PY-HK Implementing Guaranteed Payments

Purpose

You implement the guaranteed payments component to incorporate this annual bonus payment into the company's payroll. It also allows you to customize the system to handle various scenarios for paying an employee's guaranteed payment.

Prerequisites

To set up the system, you must have all the possible guaranteed payment's calculation bases [Seite 24] in the system. These calculation bases are in the *Contract Elements* infotype (0016) where you select the appropriate calculation base and enter the multiplication factor for the employee's guaranteed payment.

Process Flow

To set up the system for guaranteed payments:

1. Specify all the guaranteed payment methods that your company requires. You must specify, among other attributes, payment methods and the eligible period for an employee's guaranteed payment.

2. Group all employees with the same guaranteed payment processing. You can then run payroll according to these groupings.

3. Specify all the calculation bases for all the guaranteed payment scenarios.

4. Check that the calculation bases and statutory probation periods [Seite 26] are correctly set up, in the payroll schema, for each of the following scenarios:

    a. Incorporating guaranteed payments in the regular payroll run

    b. As an off-cycle payroll run

    c. For a terminating employee

For more information, choose *Payroll Hong Kong* → End-of-Year (EOY) Payment [Extern] from the implementation guide (IMG).

Result

When you have completed this process, you can enter an employee's guaranteed payment [Seite 30] details in the *Contract Elements* infotype (0016).

PY-HK Calculation Bases

Definition

A calculation base is an amount in a wage type that is used as a basis to determine an employee's guaranteed payment. Some examples of calculation bases are an employee's:

- Current month salary (/007)

- Monthly salary as at December of the current year (/033)

- Current month basic pay (/031). The basic pay is listed in the *Basic Pay* infotype (0008), and can include the employee's:

  - Current month salary

  - Monthly allowances (meal, accommodation, travel)

  - Overtime allowance

Use

The SAP System calculates an employee's guaranteed payment by multiplying the calculation base with the number of guaranteed months. These are specified in the employee's Contract Elements infotype (0016) [Extern].

> You must specify all calculation bases that are used for all groups of employees in the company. In Customizing, choose *Payroll Hong Kong → End-of-Year (EOY) payments →* Set up the end-of-year (EOY) payment calculation bases [Extern].

PY-HK Probation Periods

Definition

To calculate guaranteed payments, you must take into account two types of probation period:

Statutory probation [Seite 26]	This is the time period a person must be in a company to be legally entitled to the benefits as an employee
Company probation	This period is set by the company, and is used to determine the employee's capability before confirmation of full-time employment. You can define this period in one of the following infotypes: • Contract Elements (0016) [Extern] • Monitoring of Dates (0019)

Use

For an employee to be eligible for guaranteed payment, the employee must fulfill the minimum period of the two probation periods. Both probation periods are used to calculate the pro-rated period for the guaranteed payment.

PY-HK Statutory Probation Period

Definition

The statutory probation period is the time period an employee must be with a company to be entitled to full benefits from the company.

Use

The statutory probation period is used to calculate the number of eligible days, as well as the number of calendar and anniversary months used to determine an employee's guaranteed payment.

You should make sure that the statutory probation period defined in the function (HKEOY) used to calculate the abovementioned is accurate. To do this in customizing, choose Payroll Hong Kong

This is done via the maintain maximum statutory probationary period [Extern] step in the Hong Kong payroll implementation guide (IMG).

See also:

Probation Periods [Seite 25]

PY-HK Defining the Company's Probation Period

Use

Besides being the period for confirming the employee's full-time employment, the company's probation period is used, together with the statutory probation period [Seite 26], to determine the guaranteed payment for the employee.

Prerequisites

You must check that the statutory probation period is correctly defined. In customizing, go to *Payroll Hong Kong → End-of-Year (EOY) Payments → Regular Payroll Run →* Maintain Maximum Legal Probationary Period [Extern].

Procedure

To define the company's probation period with the Contract Elements infotype (0016) [Extern]:

1. Choose *Human Resources → Personnel management → Administration → HR Master Data → Maintain*.

   The *Maintain HR Master Data* screen appears.

2. Enter the employee's personnel number, and select the *Contract Elements* infotype (0016). Then choose *New* or *Change*.

   The *Contract Element* screen appears.

3. In the *Deadline* section of the screen, enter the probation period for the employee.

4. If applicable, you can enter the extended probation end date.

5. Save.

To define the company's probation period with the *Monitoring of Dates* infotype (0019):

1. From the Easy Access screen, choose *Human Resources → Personnel management → Administration → HR Master Data → Maintain*.

2. The *Maintain HR Master Data* screen appears.

3. Enter the employee's personnel number, and select the *Monitoring of Dates* infotype (0019). Then choose *New* or *Change*.

4. The *Monitoring of Dates* screen appears.

5. Select `Expiration of Probation` as the *Date* type, and enter the date on which the probation expires.

6. Save.

PY-HK Payment Methods

Definition

This refers to the way in which the company pays the employee's guaranteed payment. You can pay the guaranteed payment:

- In the regular payroll run

- As an off-cycle payroll run

Use

By assigning different employee groupings to specific payment methods, you can set up the payroll to pay the employee's guaranteed payment depending on the payment scenarios available in the company.

To set up payment methods, choose *Payroll Hong Kong → End-of-Year (EOY) Payments →* Define end-of-year (EOY) payment scenarios [Extern], from the implementation guide (IMG).

PY-HK EOY Payment Control Table Generation (RPU_M27_EOY)

Use

You may need to calculate End of Year Payment (EOY) for different groups of employees in your company. Thus, you need to define the following elements for EOY payments, and store them in *EOY Payment Control* table (*T7HK04*).

- EOY payment included with other payments in the regular payroll run

       or

- EOY payment calculated separately in an off-cycle payroll run

- the EOY payment period

- the type of payroll run, and the off-cycle reasons if it is an off-cycle payroll run

- the payment date and the date used to indicate the calculation base

You set up this table in *Implementation Guide* (*IMG*) via *Payroll Hong Kong →End-of-Year (EOY) Payments→* Define End-Of-Year (EOY) Payment Scenarios.

 [Extern]You use this report to generate new control record for EOY payment this year or next year in this table.

PY-HK Defining an Employee's Guaranteed Payment

Use

You define the employee's guaranteed payments entitlement in the *Contract Elements* infotype (0016).

Prerequisites

You must have implemented the guaranteed payment [Seite 23] component to comply with company and legal requirements.

When entering an employee's personnel data, you must enter the employee's probation period [Seite 27] as agreed in the employment contract with the company.

Procedure

6. Choose *Human Resources → Personal management → Administration → HR Master Data → Maintain*.

    The *Maintain HR Master Data* screen appears.

7. Enter the employee's personnel number, and select the Contract Element infotype (0016) [Extern]. Then choose *New* or *Change*.

    The *Contract Element* screen appears.

8. In the *Guaranteed payment* section of the screen, enter the number of months the employee is paid for the entire year. For example, if an employee is entitled one month of guaranteed payment, then the employee is paid *13 months* for the year.

9. If you want to base the employee's guaranteed payment on a different month's pay, enter the wage type in *Calculation base* field. The default calculation base is the employee's last month's pay.

    ➡️

    To include a wage type as a calculation base, go to *Payroll Hong Kong → End-of-Year (EOY) Payments →* Set up the end-of-year (EOY) payment calculation bases [Extern] from the implementation guide (IMG).

PY-HK Batch Input: Statutory Sick Leave (HHKCSKLE)

Use

You can use this report to calculate the sick leave entitlement of selected personnel and update the absence quota in *Absence Quotas* infotype (*2006*).

> You must run this report per monthly payroll period.

Integration

The sick leave entitled and the absence quota to be accumulated are determined by settings in feature *27SLE*, which is called up when you run this report.

Prerequisites

You have maintained relevant master data properly.

Activities

- You must input *Monitor Data Type* and *Key Date*, which enables the report to process relevant data before the key date.

  ☐ You should only choose either of the following for *Monitor Data Type* field:

    ☐ *H1: Salary withhold HK*

    ☐ *H2: S.L. last accrued HK*

  ☐ The data you maintained in *Monitor Data Type* field and *Key Date* field will be updated into *Monitoring of Dates* infotype (*0019*) after running the batch input.

- You can choose how to process the data generated from the report by specifying batch input session.

You may run the batch input as soon as it is generated.

PY-HK Net Payroll Accounting

Purpose

The net payroll component for Hong Kong calculates employee's net remuneration according to statutory regulations. The Net Payroll converts gross wages into net wages and processes the taxes for employees. Gross wages includes wage types entered in Personnel Administration and those generated in Gross Payroll. The net payroll also includes the processing of regulatory and company retirement schemes that employees are enrolled in.

The Net Payroll generates a results cluster of wage types for employees in the payroll run. This cluster is the basis for further processing and output from the payroll system. This includes generating statutory reports.

Integration

The Net Payroll is closely integrated with the other areas in SAP HR, as well as other SAP modules such as Financial Accounting and Controlling.

PY-HK Tax

Purpose

The tax component lets you set up and enter an employee's tax data. The data is then processed and printed to the relevant IR56 tax reports that are submitted to the Hong Kong tax authority.

Features

You can:

- Group employees into tax reporting groupings

- Declare the percentage of an employee's salary as overseas travel allowance

- Declare the percentage of an employee's salary as rental allowance

- Specify that the employee's quarters are provided by the company. You have the following options:

  − The employer pays the rent and can recover a percentage of the rent from the employee

  − The employee pays the rent and can recover a percentage of the rent from the employer

  − The rent is recorded as an additional payment, and is entered manually into the system

- Enter relevant information that is required for the IR56 tax reports

See also:

Tax Reporting [Seite 44]

PY-HK Implementation of Tax

Purpose

To process an employee's tax data, you must adapt the tax component to your organization's specifications.

Process Flow

To implement the tax component, you must:

* Set up the system to store the employee's address for the IR56 tax forms if an employee is provided with company-owned quarters

* Define the types of quarters an employee is entitled to rent or stay at during an overseas trip

* Set up the different tax groupings in the organization. These groupings are used for tax reporting purposes

* Define the tax period for the different tax groupings

* Set up the tax reporting details required in the IR56 tax forms

> To implement tax in customizing, go to *Payroll Hong Kong* → Tax [Extern] from the implementation guide (IMG).

Result

When you have implemented the tax component, you can:

* Declare a percentage of the employee's salary as rental allowance

* Declare a percentage of the employee's salary as overseas travel allowance

* Specify the percentage deducted from the employee's salary as rental deduction

You can also specify other information that is required in the IR56 tax forms.

See also:

Tax Reporting [Seite 44]

PY-HK Rental Allowance

Definition

According to the Inland Revenue Department (IRD), an employee's rental allowance is tax exempt up to a percentage of the employee's salary. Some organizations allow their employees to declare a portion of their salary as rental allowance.

Use

By specifying a percentage of the employee's salary as rental allowance, the accumulated amount over the financial year is exempt from tax.

Integration

The employee must provide rental receipts, that are recorded in the system with the *Receipts* infotype (440). The Hong Kong payroll reconciles the accumulated rental allowance with the receipts. If the accumulated receipts are less than the stipulated rental allowance, the remaining portion of the rental allowance is not exempt from tax. If the accumulated receipts exceed the rental allowance, the excess receipts are ignored.

PY-HK Creation of Rental Allowance

Purpose

By declaring a portion of an employee's salary as rental allowance, it is reported in the relevant IR56 form that this portion of income is tax exempted.

Process Flow

To create rental allowance as a portion of an employee's remuneration package:

1. Update the employee remuneration wage types. In customizing, go to *Payroll Hong Kong →
   Wage Types → Processing Classes →* Check provisional rental & overseas travel
   processing [Extern].

2. Go to the General Tax infotype (0345) [Seite 42] for the employee, and do the following:

   a. Set the *Quarters provided by ER* indicator, and define the type of accommodations in the
      Nature field.

      When you set the *Quarters provided by ER* indicator, the *% to Rent, EE pays rent to
      landlord,* and *% recovered from ER* fields are enabled.

   b. Enter the percentage of the rental allowance in the *% to Rent* field.

   c. Set the *EE pays rent to landlord* indicator, and enter 100 in the *% recovered from ER*
      field.

   d. Save.

      You can choose to maintain the rental allowance in *Recurring Payments/deductions*
      infotype (*0014*) or *Additional Payments* infotype (*0015*) directly if you flag *Rent key in
      manually*.

Result

You have entered the relevant rental allowance for the employee.

To reconcile the rental allowance, you must enter the rental receipt information in the
Receipts infotype (*0440*). Do this before you print the IR56 tax forms [Seite 65].

PY-HK Rental Deduction

Definition

Rental deduction is a recurring payment that the employee pays the employer for providing accommodation.

Use

If the organization provides the employee accommodations, it can recover the cost of the accommodation from the employee as rental deduction.

In this case, the cost of the accommodation is not linked to the employee's salary, it is based on the actual cost to the employer when the employee accepts the accommodation.

PY-HK Creation of Rental Deductions

Purpose

If a company provides accommodation to an employee, it can recover the cost of the accommodation from the employee by making a monthly rental deduction.

Process Flow

To deduct rental from an employee's remuneration:

1. Enter the rental amount as a recurring deduction payment using the *Recurring Payments/Deductions* infotype (0014). You can use the Rental Base wage type *MX01*.

2. Go to the General Tax infotype (0345) [Seite 42] for the employee, and do the following:

    a. Set the *Quarters provided by ER* indicator, and define the type of accommodation in the *Nature* field.

    > When you set the *Quarters provided by ER* indicator, the *% to Rent, EE pays rent to landlord,* and *% recovered from ER* fields are enabled.

    b. Set the *ER pays rent to landlord* indicator, and enter 100 in the *% recovered from EE* field.

    c. Save.

Result

The employee has a rental deduction equal to the cost entered in wage type *MX01*.

PY-HK Overseas Travel Allowance

Definition

According to the Inland Revenue Department (IRD), an employee's overseas travel allowance is tax exempt up to a percentage of the employee's salary.

Some organizations allow employees to declare a portion of their salary as overseas travel allowance.

Use

By specifying a percentage of the employee's salary as overseas travel allowance, the accumulated amount over the financial year is exempt from tax.

Integration

The employee must provide overseas travel receipts, that are recorded in the system in the *Receipts* infotype (440). The Hong Kong payroll reconciles the accumulated overseas travel allowance with the receipts. If the accumulated receipts are less than the stipulated overseas travel allowance, the remaining portion of the overseas travel allowance is no longer considered tax exempted. However, if the accumulated receipts exceed the overseas travel allowance, the excess receipts are ignored.

PY-HK Creation of Overseas Travel Allowance

Purpose

By declaring a portion of an employee's salary as overseas travel allowance, it is reported in the relevant IR56 form that this portion of income is tax exempted.

Process Flow

To create overseas travel allowance as a portion of an employee's remuneration package:

1. Update the employee remuneration wage types. In customizing, go to *Payroll Hong Kong →
   Wage Types → Processing Classes →* Check provisional rental & overseas travel
   processing [Extern].

2. There are two ways to declare the allowance for the employee:

   - Maintain the allowance directly in *Recurring payments/Deductions infotype* (*0014*) or
     Additional payments infotype (*0015*) directly.

   - Calculate the allowance based on a calculation base

     - Set up the calculation base in *Recurring payments/Deductions* infotype (*0014*)

     - Go to the General Tax infotype (0345) [Seite 42] for the employee, and enter the
       percentage of the base that is to be declared as overseas travel allowance.

Result

You declared the overseas travel allowance for the employee.

To reconcile the overseas travel allowance, you must enter the overseas travel receipts in the *Receipts* infotype (440). You should do this before you print the IR56 tax forms [Seite 65].

PY-HK Tax Infotypes

Definition

These are the infotypes you require to record and process an employee's tax data.

PY-HK Tax (0345)

Definition

This infotype stores the relevant information required for the processing of an employee's tax information.

Use

In this infotype, you can record:

- The employee's enrollment in the rental and overseas travel allowance scheme

- The percentage of salary declared as rental and overseas travel allowance

- The amount deducted from the employee for accommodation provided by the employer

- The employee's plan to depart from Hong Kong on termination of employment. You can enter the reason for departure and the country the employee is going to

- Information that is relevant to the IR56 tax forms

Structure

The *% to os trav* field states the percentage of the employee's wages that is to be considered as overseas travel allowance, and is therefore exempt from tax.

Rental

The *Quarter provided by ER* and *Nature* fields are for the IR56 tax forms.

By selecting *ER pays rent to landlord*, and specifying the percentage recovered from EE, you can create a rental deduction from the employee.

By selecting *EE pays rent to landlord*, and specifying the percentage recovered from ER, you can create a rental allowance for the employee.

You can also specify that the rental allowance is entered manually as an additional payment.

Other information related to IR56

This section provides relevant information that is required in the IR56 tax forms, such as:

- When the employee plans to leave Hong Kong

- When the employee's salary is paid by the employer

- If the employee is working part-time for the company. In this case, you can specify the principal employer

See also:

PY-HK Creating Tax Data for an Employee

Procedure

20. Choose *Human Resources → Personnel management → Administration → HR Master Data → Maintain*.

    The *Maintain HR Master Data* screen appears.

21. Enter the *employee's personnel number*, and then enter `0345` in the Infotype field of the Direct selection section of the screen to access the Tax infotype (0345) [Seite 42].

22. Choose *Create*.

    The *Create Tax* screen appears.

23. Enter the appropriate tax information for the employee in the *Tax* infotype.

24. Save.

Result

You have entered the relevant tax data for the employee.

PY-HK Tax Reporting

Purpose

Regulations require that a set of tax reports be submitted to the tax office. These are the IR56 tax reports that provide the tax authorities information to enable them to process an employee's tax for the financial period.

Implementation Considerations

The Hong Kong payroll implementation guide (IMG) sets up some of the tax reports default settings. Go to *Payroll Hong Kong* → Tax [Extern].

Integration

You need to have all the relevant information prepared in the SAP system before you can generate the tax reports.

PY-HK Tax Reports

Definition

In the SAP System, you can generate the following tax forms that the company needs to submit to the Inland Revenue Department (IRD):

IR56B   Employer's return of remuneration and pensions for the tax year

IR56E   Notification by an Employer of an Employee who commences to be employed

IR56F   Notification by an Employer of an Employee who is about to cease to be employed

IR56G   Notification by an Employer of an Employee who is about to depart from Hong Kong

PY-HK Employer's Return of Remuneration (IR56B)

Use

The employer must furnish the *Annual Return of Remuneration of Employees* form to the Inland Revenue Department (IRD) within one month from the date of issue, which is normally in April. In the system, you can run a report (HHKCTXB0) to generate this form for all employees.

➡

> If the employer has already reported that an employee is leaving the company (IR56F) or leaving the country (IR56G), then the employer is not required to submit an IR56B form.

Integration

Other tax forms that you can generate are:

- IR56E [Seite 53] (Notification by an Employer of an Employee who commences to be employed)

- IR56F [Seite 56] (Notification by an Employer of an Employee who is about to cease to be employed)

- IR56G [Seite 60] (Notification by an Employer of an Employee who is about to depart from Hong Kong)

Prerequisites

- You must have payroll data in the system for the duration of the tax year. The report uses data that has been accumulated through the tax year, for example, annual income.

  ➡

  > You must maintain feature 27IRB [Seite 48] properly, which is the default setting in the system for processing form IR56B.

- You should maintain data for Remarks section in *IR56B* form in Notifications infotype (0128), Personal notifications subtype (2) [Extern].

Features

Selection

You can restrict the employees selected by entering individual, or a range of personnel numbers. You must also enter the following information:

- Specify if you want to select a single tax reporting group, or all tax reporting groups. Employees within a tax reporting group usually form a logical business unit.

- The name of the printer to send these form to. If you choose the *Print preview forms* option, you will display the IR56E forms on the screen. You can then select Print to send these forms to the printer.

- Specify if you are generating a second IR56B form for the employee. In this case, the system checks that the data on the reprinted IR56B form is not the same as the first IR56B form. A reprinted IR56B form has "Amended IR56B" printed on the first line of the heading.

- The tax year that these forms are filed.

- The employee who is authorized to approves and signs these forms. You enter the employee's designation.

- Specify if this is a live or simulated or test run. A simulated or test run will not save the results to the HZ cluster in the system.

Output

The system generates the following outputs:

- An IR56B form for the employee

- An electronic file containing the successfully processed employee's details as defined by the IRD. This is an optional output that you can generate.

- An error list, if any mistakes are found

> The data for all successful IR56B forms will be stored in the system's HZ cluster. This data is used to check against possible reprints of IR56B forms.

See also:

Generating a tax report [Seite 65]

PY-HK Feature 27IRB

Definition

It is the default settings in the system for processing year-end tax reporting form IR56B.

Use

With this set up in the system, you defines the following information regarding year end tax form IR56B:

- how to formulate the tax period when grossing up incomes with same wage type but different tax periods

- how are rental and overseas allowance reflected in the form

- what should be included in other rewards in the form

- the name formats of the employee demonstrated in the form

- which format of the form to apply out of various formats available in the system

- the output device

- the title of the signatory

Structure

- TXXYY

   "T" stands for tax-related allowances;

   "XX" for evaluation class;

   "YY" for the value of the evaluation class

   For an income involved several payments, the earliest valid date of the payments should be adopted as the beginning date of the tax period for the allowance.

   After you set this up in the feature, you must perform changes accordingly in the system to realize this setup.

   ⇨

   You can refer to <u>Defining Tax Period when Grossing up Incomes [Seite 51]</u> for corresponding procedures in detail.

- EE2RRKR/147 +RENT2

   O/154>+<N+

   These two lines outline how rental allowance and overseas travel allowance are reflected in the form.

   For example, <u>EE2RRKR/147+RENT2</u> describes how rental allowance are processed in the system when the employee pays rent to the landlord and claims back from the employer afterwards.

   "2' is a time-constraint indicator, here means the time duration of records in *Receipts* infotype (*0440*) must be in accordance with those in *Addresses* infotype (*0006*).

"RRKR/147" represents accumulation of extra amount into wage type /147 when the total amount in *Receipts* infotype (*0440*) outnumbers.

You may setup for the employer pays rent to the landlord as needed.

- R160Y

    R7THE NATURE OF 1ST OTHER REWARDS

    R8THE NATURE OF 2ND OTHER REWARDS

    R9THE NATURE OF 3RD OTHER REWARDS

    or

    R160N

    To meet the requirements from HK Inland Revenue Department (IRD), any rewards or allowances received by the employee within the tax year should be reported in IR56B form, which are categorized into three types in general. The separate amounts in HK dollars together with descriptions for categories of allowances are included in the form too.

    In the statutory IR56B form delivered by HK IRD, the section about other rewards for the employee is listed as below:

    Any other rewards, allowances or prerequisites

    Nature:

    Nature:

    Nature:

    As regulated in the system, wage type */160* is for the first line in the form, and */147*, */148* and */149* are for the next three lines correspondingly.

    This setup determines:

☐ whether to accumulate wage type */147*, */148* and */149* into */160*. In other words, if *R160Y* is set in the feature, */160* equals to the gross amount of */147*, */148* and */149*, and the gross amount is displayed in the form.

☐ the descriptions for the three categories of rewards in the form, which defaulted to be "THE NATURE OF 1ST OTHER REWARDS", "THE NATURE OF 2ND OTHER REWARDS" or "THE NATURE OF 3RD OTHER REWARDS".

    You can modify the description for separate categories here.

    If you don't set this in the feature, the system will go to *Wage Type Valuation* view (*V_512W_O*)and use the description for the particular wage types.

- RXX

    "R" represents rewards,

    "XX" symbolizes evaluation class.

    You define the evaluation class for rewards wage types in the feature, and set it up in view *V_512W_O* afterwards.

- NXX YY

PY-HK Feature 27IRB

"N" stands for name format,

"XX" for surname format in the form and "YY" for the full name format. They are equal to the values maintained in *KNZNM* field in *HR Name Format* view (*V_T522N)* correspondingly.

You must maintain *V_T522N* properly. In the view, you must define what fields in *Personal Data* infotype (*0002*) are included in the form as well as in what sequence.

- LXXXX

    the layout for IR56B form

- PXXXX

    the default printer name

- DXXXX

the default signatory in the form

PY-HK Defining Tax Period when Grossing up Incomes for Tax Forms

Use

When you execute tax reports for the employee, incomes with the same wage types are accumulated together. For an income involved several payments, the earliest valid date of the payments should be adopted as the beginning date of the tax period for the income.

Prerequisites

You must setup the evaluation class for tax-related incomes in the system first.

You must add a line *TXXYY* in the relevant feature.

"T" stands for tax-related incomes,

"XX" for evaluation class;

"YY" for the value of the evaluation class.

Procedure

Afterwards, you must perform the following changes in the system step by step:

1. In *Wage Type Valuation* view (*V_512W_O)*, you should maintain evaluation class XX for all tax-related wage types and set the values of the evaluation class to YY.

> You should only maintain this view via the *Implementation Guide* (*IMG*), go to *Personnel Management→Personnel Administration→Payroll Data→Additional Payments→Wage Types→*Create wage type catalog [Extern]*.

2. In *Award* view (*V_T5R01*), define wage types for tax-related incomes.

   You should specify an award type as an intermediate for the wage type maintained in *Awards* infotype (*0183*). The award type has a one-to-one relationship to the wage type in the view.

   You should define the amount and valid period for this award type too.

   You must flag *payroll relevant* for the award types maintained in the view.

> The system will cumulate the wage types in this view to wage types as defined in view *V_T512W_O*.

3. Maintain master data for employees in *Awards* infotype (*0183*). A corresponding record in *Additional Payments* infotype (*0015*) is created by the system automatically.

   Be sure to flag *Payroll relevant* in the infotype.

> For IR56B form, the system will organize the employee's incomebased on the actual pay date.

PY-HK Defining Tax Period when Grossing up Incomes for Tax Forms

If the pay date of the particular income is in the next tax year, it is included by IR56B for next tax year only.

PY-HK Notice of Employee Commencement Form (IR56E)

Use

When a company hires a new employee who is likely to be liable to tax, the company must send *a Notification by an Employer of an Employee who commences to be employed* (IR56E) form to the Inland Revenue Department (IRD) within three months of the commencement of employment. In the system, you can run a report (HHKCTXE0) to generate the form for any new employees hired.

Integration

Other tax forms that you can generate are:

- IR56B [Seite 46] (Employer's return of remuneration and pensions for the tax year)

- IR56F [Seite 56] (Notification by an Employer of an Employee who is about to cease to be employed)

- IR56G [Seite 60] (Notification by an Employer of an Employee who is about to depart from Hong Kong)

Prerequisites

You must have run the payroll for the new employee and stored the result of the first payroll run in the system. If no payroll result is found in the system, then the relevant figures in the IR56E form will be set as 0.

> You must maintain feature 27IRE [Seite 55] properly, which is the default setting in the system for processing form IR56E.

Features

Selection

You can restrict the employees selected by entering a selection of:

- Time periods for which the employees are hired

- Personnel numbers

- Payroll areas

You must also enter the following information:

- The name of the printer to send these forms to.

    If you choose the *Print preview forms* option, the system displays the IR56E forms on the screen. You can then select *Print* to send these forms to the printer.

- The tax reporting group you are selecting.

    Employees within a tax reporting group usually form a logical business unit.

PY-HK Notice of Employee Commencement Form (IR56E)

- The tax year that these forms are filed.

- The employee who is authorized to approve and sign these forms. You enter the employee's designation.

Output

The system generates the following outputs:

- An IR56E form for incoming employees

- An error list, if any mistakes are found

See also: Generating a tax report [Seite 65]

PY_HK Feature 27IRE

Definition

It is the default settings in the system for processing year-end tax reporting form IR56E.

Use

With this set up in the system, you defines the following information regarding year end tax form IR56E:

- the name formats of the employee demonstrated in the form

- which format of the form to apply out of various formats available in the system

- the output device

- the title of the signatory

Structure

- NXX YY

    "N" stands for name format,

    "XX" for surname format in the form and "YY" for the full name format. They are equal to the values maintained in *KNZNM* field in *HR Name Format* view (*V_T522N*) correspondingly.

    You must maintain *V_T522N* properly. In the view, you must define what fields in *Personal Data* infotype (*0002*) are included in the form as well as in what sequence.

- LXXXX

    the layout for IR56B form

- PXXXX

    the default printer name

- DXXXX

the default signatory in the form

PY-HK Notice of Employee Cessation Form (IR56F)

Use

When an employee leaves the company, the employer must send a *Notification by an Employer of an Employee who is about to cease to be employed* form (IR56F) to the Inland Revenue Department (IRD) one month prior to the leaving.

When the system generates the employee's IR56F form, it projects the results of the employee's final payroll period, and use this projection to fill in the IR56F form. The system saves this information in a HZ cluster for later use.

In the period when the employee leaves the company, you generate the employee's IR56F form again. This gives you the actual results that are used in the IR56F form. The system compares the actual results with the projected results, and if there is a difference, an amended IR56F form is sent to the IRD.

Integration

Other tax forms that you can generate are:

- IR56B [Seite 46] (Employer's return of remuneration and pensions for the tax year)

- IR56E [Seite 53] (Notification by an Employer of an Employee who commences to be employed)

- IR56G [Seite 60] (Notification by an Employer of an Employee who is about to depart from Hong Kong)

Prerequisites

You must have run the payroll for the employee and stored the payroll results in the HZ cluster before generating this form.

➡

> You must maintain feature 27IRF [Seite 58] properly, which is the default setting in the system for processing this form.

Features

Selection

You can restrict the employees selected by entering individual, or a range of:

- Time periods for which the employee leaves

- Personnel numbers

- Payroll areas

You must also enter the following information:

- The name of the printer to send these form to.

  - If you choose the *Print preview forms* option, you will display the IR56F forms on the screen. You can then select Print to send these forms to the printer.

－   Select the *Reprint issued IR56F forms* option when you are generating the IR56F form a second time.

- The tax reporting group you are selecting. Employees within a tax reporting group usually form a logical business unit.

- The tax year that these forms are filed.

- The employee who is authorized to approves and signs these forms. You enter the employee's designation.

- The correct schema that is used to run the employee's projected payroll results.

- Specify if this is a live or simulated or test run. A simulated or test run will not save the results to the HZ cluster in the system.

Output

The system generates the following outputs:

- An IR56F form for incoming employees

- An error list, if any mistakes are found

    The data for all successful IR56F forms will be stored in the system's HZ cluster. This data is used to check against possible reprints of IR56F forms.

See also: Generating a tax report [Seite 65]

PY_HK Feature 27IRF

Definition

It is the default settings in the system for processing year-end tax reporting form IR56F.

Use

With this set up in the system, you defines the following information regarding year end tax form IR56F:

- how to formulate the tax period in the form when grossing up incomes with same wage type but different payment periods

- how are rental and overseas allowance reflected in the form

- which amount should be displayed as other rewards in the form

- the name formats of the employee demonstrated in the form

- which format of the form to apply out of various formats available in the system

- the output device

- the title of the signatory

Structure

- TXXYY

    "T" stands for tax-related allowances;

    "XX" for evaluation class;

    "YY" for the value of the evaluation class

    For an income involved several payments, the earliest valid date of the payments should be adopted as the beginning date of the tax period for the allowance.

    After you set this up in the feature, you must perform changes accordingly in the system to realize this setup.

    �

    You can refer to <u>Defining Tax Period when Grossing up Incomes [Seite 51]</u> for corresponding procedures in detail.

- EE2RRKR/147 +RENT2

    O/154>+<N+

    These two lines outline how rental allowance and overseas travel allowance are reflected in the form.

    For example, <u>EE2RRKR/147+RENT2</u> describes how rental allowance are processed in the system when the employee pays rent to the landlord and claims back from the employer afterwards.

    "2' is a time-constraint indicator, here means the time duration of records in *Receipts* infotype (*0440*) must be in accordance with those in *Addresses* infotype (*0006*).

"RRKR/147" represents accumulation of extra amount into wage type *⁄147* when the total amount in *Receipts* infotype (*0440*) outnumbers.

You may setup for the employer pays rent to the landlord as needed.

- R160Y

    You determines which amount to display as other rewards in the form.

    With R160Y in the feature, the amount of *⁄160* should be listed in the form, no matter *⁄160* equals to the gross amount of *⁄147*, *⁄148* and *⁄149* or not.

    However, if R160N set in the feature, the total amount of income with wage types *⁄147*, *⁄148* and *⁄149* should be included in the form instead of the amount for *⁄160*.

- NXX YY

    "N" stands for name format,

    "XX" for surname format in the form and "YY" for the full name format. They are equal to the values maintained in *KNZNM* field in *HR Name Format* view (*V_T522N*) correspondingly.

    You must maintain *V_T522N* properly. In the view, you must define what fields in *Personal Data* infotype (*0002*) are included in the form as well as in what sequence.

- LXXXX

    the layout for IR56F form

- PXXXX

    the default printer name

- DXXXX

the default signatory in the form

PY-HK Notice of Employee Departure Form (IR56G)

Use

When an employee plans to leave Hong Kong, the employer must send *a Notification by an Employer of an Employee who is about to depart from Hong Kong* form (IR56G) to the Inland Revenue Department (IRD) within one month prior to the expected date of departure.

When the system generates the employee's IR56G form, it projects the results of the employee's final payroll period, and use this projection to fill in the IR56G form. The system saves this information in a HZ cluster for later use.

In the period when the employee leaves the country, you generate the employee's IR56G form again. This gives you the actual results that are used in the IR56G form. The system compares the actual results with the projected results, and if there is a difference, an amended IR56G form is sent to the IRD.

Integration

Other tax forms that you can generate are:

- IR56B [Seite 46] (Employer's return of remuneration and pensions for the tax year)

- IR56E [Seite 53] (Notification by an Employer of an Employee who commences to be employed)

- IR56F [Seite 56] (Notification by an Employer of an Employee who is about to cease to be employed)

Prerequisites

You must have created a new record in the *Tax* infotype (0345) regarding the reason the employee is leaving Hong Kong.

> You must maintain feature 27IRG [Seite 62] properly, which is the default setting in the system for processing this form.

Features

Selection

You can restrict the employees selected by entering individual, or a range of:

- Time periods for which the employee leaves

- Personnel numbers

- Payroll areas

You must also enter the following information:

- The name of the printer to send these form to.

  – If you choose the *Print preview forms* option, you will display the IR56G forms on the screen. You can then select Print to send these forms to the printer.

− Select the *Reprint issued IR56G forms* option when you are generating the IR56G form a second time.

- The tax reporting group you are selecting. Employees within a tax reporting group usually form a logical business unit.

- The tax year that these forms are filed.

- The employee who is authorized to approves and signs these forms. You enter the employee's designation.

- The correct schema that is used to run the employee's projected payroll results.

- Specify if this is a live or simulated or test run. A simulated or test run will not save the results to the HZ cluster in the system.

Output

The system generates the following outputs:

- An IR56G form for incoming employees

- An error list, if any mistakes are found

    The data for all successful IR56G forms will be stored in the system's HZ cluster. This data is used to check against possible reprints of IR56G forms.

See also: Generating a tax report [Seite 65]

PY_HK Feature 27IRG

Definition

It is the default settings in the system for processing year-end tax reporting form IR56G.

Use

With this set up in the system, you defines the following information regarding year end tax form IR56G:

- how to formulate the tax period in the form when grossing up incomes with same wage type but different payment periods

- how are rental and overseas allowance reflected in the form

- which amount should be displayed as other rewards in the form

- the name formats of the employee demonstrated in the form

- which format of the form to apply out of various formats available in the system

- the output device

- the title of the signatory

Structure

- TXXYY

    "T" stands for tax-related allowances;

    "XX" for evaluation class;

    "YY" for the value of the evaluation class

    For an income involved several payments, the earliest valid date of the payments should be adopted as the beginning date of the tax period for the allowance.

    After you set this up in the feature, you must perform changes accordingly in the system to realize this setup.

    ⇨

    You can refer to <u>Defining Tax Period when Grossing up Incomes [Seite 51]</u> for corresponding procedures in detail.

- EE2RRKR/147 +RENT2

    O/154>+<N+

    These two lines outline how rental allowance and overseas travel allowance are reflected in the form.

    For example, <u>EE2RRKR/147+RENT2</u> describes how rental allowance are processed in the system when the employee pays rent to the landlord and claims back from the employer afterwards.

    "2' is a time-constraint indicator, here means the time duration of records in *Receipts* infotype (*0440*) must be in accordance with those in *Addresses* infotype (*0006*).

"RRKR/147" represents accumulation of extra amount into wage type *147* when the total amount in *Receipts* infotype (*0440*) outnumbers.

You may setup for the employer pays rent to the landlord as needed.

- R160Y

  You determines which amount to display as other rewards in the form.

  With R160Y in the feature, the amount of *160* should be listed in the form, no matter *160* equals to the gross amount of *147*, *148* and *149* or not.

  However, if R160N set in the feature, the total amount of income with wage types *147*, *148* and *149* should be included in the form instead of the amount for *160*.

- NXX YY

  "N" stands for name format,

  "XX" for surname format in the form and "YY" for the full name format. They are equal to the values maintained in *KNZNM* field in *HR Name Format* view (*V_T522N*) correspondingly.

  You must maintain *V_T522N* properly. In the view, you must define what fields in *Personal Data* infotype (*0002*) are included in the form as well as in what sequence.

- LXXXX

  the layout for IR56G form

- PXXXX

  the default printer name

- DXXXX

the default signatory in the form

PY-HK Tax Reporting Process

Purpose

The tax reporting process consists of a number of forms sent to the tax authorities at specific times during an employee's time with the organization. Sometimes, additional forms are required if the employee leaves the country or if payroll data changes after a form has been submitted.

Prerequisites

You can generate a tax form only after a payroll run.

Process Flow

The following shows the tax forms, when these forms must be submitted, and how they are implemented in the system:

Tax Form	When to submit	How implemented
IR56E	After an employee has been hired	You can generate this form after completing the first payroll run for the employee
IR56B	At the end of the financial year You must resubmit this form if payroll data changes	You can generate this form for all employees after completing the final payroll run for the financial year If additional payroll data becomes available after the IR56B is submitted, an amended IR56B Form must be resubmitted after the subsequent payroll has been run
IR56F	When the employee gives notice of termination You must resubmit this form if payroll data changes	You can generate this form after entering the termination event for the employee If additional payroll data becomes available after the IR56F is submitted, an amended IR56F Form must be resubmitted after the subsequent payroll has been run
IR56G	When the employee is leaving Hong Kong	You can generate this form after entering the departing Hong Kong information in the *Tax* infotype (0345) for Hong Kong

PY-HK Generating a Tax Report

Procedure

To generate the IR56B at the end of the financial year:

1. Choose *Human Resources → Payroll → Asia/Pacific → Hong Kong → Subs. activities → Annual → Country reporting → IR56B Report*.

   The selection screen for the report appears.

2. User the Personnel number or matchcode selection to select the employees.

3. Enter the relevant conditions in the *General IR56B information* section.

4. Choose *Execute*.

To generate any of the IR56E, IR56F, and IR56G reports, or to generate the IR56B report a subsequent time:

1. Choose *Human Resources → Payroll → Asia/Pacific → Hong Kong → Subs. activities → Period-independent → Country reporting*.

2. Choose the appropriate report to generate.

   The selection screen for the relevant report appears.

3. User the Personnel number or matchcode selection to select the employees.

4. If you are generating IR56E, IR56F, or IR56G reports, select the relevant period for which this report is valid.

5. Enter the relevant conditions to generate the reports.

6. Choose *Execute*.

Result

The relevant reports are generated and printed on the selected printer.

PY-HK Contribution Plan

Purpose

The Mandatory Provident Fund (MPF) schemes [Seite 8] and some occupationsl retirement (ORSO) schemes [Seite 9] require employee and employer contributions when an employee enrolls. The Contribution Plan component records and processes these contributions while the employee is enrolled in such schemes.

Integration

For each contribution plan, you must have a corresponding entitlement plan [Seite 11] to record and process the benefits accrued when the scheme matures.

Features

With the contribution plan, you can:

- Define the eligibility for entry into the retirement schemes. This can depend on, among other things, the seniority of the employee, the employee's occupation, and location

- Group all employees that are eligible to join the same retirement schemes

- Allow employees to transfer from one eligible retirement scheme to another

- Recognize some portion of the employee's previous years of service when calculating the schedule for contribution

- Divide employee and employer contributions into mandatory and voluntary portions. You can also define the amount value for each portion to be based on the employee's years of service, age, and income

- Set up contributions as a percentage of the employee's salary or a fixed sum

- Define alternative contribution amounts when an employee's total cash income is below a minimum value, or exceeds a maximum value

PY-HK Implementation of a Contribution Plan

Purpose

Implementing the Contribution Plan allows the SAP system to record and process the contribution portion of the Mandatory Provident Fund (MPF) schemes [Seite 8] or other occupational retirement (ORSO) schemes [Seite 9] available to employees.

Prerequisites

You must also implement the entitlement portion [Seite 12] of such schemes for the SAP system to record and process the benefits accrued when the scheme matures.

- Create the schemes that are available for employees

- Define the eligibility groupings used to differentiate groups of employees enrolling in different schemes. You must also define the eligibility period for each grouping

- Create the rules for transferring from one scheme to another

- Create specific rules to determine the default contribution amounts

- Set up the rules that are used to decide the level of contributions by employees and employers. The rules include the employee's:

  - Age

  - Length of service with an option to include previous employment

  - Salary

- Set up the non pro-rated calculation bases for employees that enroll in a scheme after the start of a payroll period. This also applies to the situation when an employee must contribute the entire contribution for the payroll period regardless of absence during that period

- Define the type and nature of the schemes that are available for the different groups of employees. Below are some examples of the different types and natures of schemes:

Schemes	Example 1	Example 2
Employer sponsored scheme	Master trust scheme	aster trust scheme
Nature	Company self funding	Mandatory provident fund

- Enter the details of the organization that provide each scheme. Some schemes may be provided internally, while others are provided by external organizations

- Define specific information about each scheme, including the provider, the wage type that provides the employee's salary, the wage types where the contributions are stored and more

- Define special rules that apply to the scheme

- Customize the proration and cumulation of contribution plan wage types, if applicable

PY-HK Implementation of a Contribution Plan

To do this in customizing, choose *Payroll Hong Kong* → G).

Result

When y [Extern]u have implemented the contribution plan, you can:

- Group employees into eligible groups

- Enroll employees to the relevant contribution plan

- Transfer employees from one eligible plan to another

PY-HK Contribution Plan Infotypes

Definition

These are the infotypes you require to record and process the contribution portion of Mandatory Provident Fund (MPF) schemes [Seite 8] and other occupational retirement (ORSO) schemes [Seite 9].

Integration

These schemes also require corresponding entitlement plan infotypes [Seite 14] to record and process the employee's benefits accrued when the scheme matures.

PY-HK Contribution Plan (0346)

Definition

This infotype stores the contribution portion of a Mandatory Provident Fund (MPF) scheme [Seite 8] or occupational retirement (ORSO) scheme [Seite 9] that the employee enrolls in.

Use

When an employee enrolls in a scheme, you enter the enrollment details for the contribution portion of the scheme. This includes administrative details and contribution levels.

You can also specify different contribution levels if the employee's income in within different ranges. Income ranges are as follows:

- Less than minimum relevant income

- Within the normal income range

- Greater than maximum relevant income

Structure

The account number field contains a unique ID provided to the employee who is enrolled in the scheme.

Normal contribution

You can choose the default contribution levels or specify alternative levels. Use the Hong Kong payroll implementation guide (IMG) to set the default contribution levels [Extern]. For alternative levels, you can specify the contributions as:

Flat rate	Specifies a flat percentage, for example, 5% of the employee's salary
Flat amount	Specifies a fixed amount, for example, $500
Excess rate	Specifies a percentage in excess of the mandatory amount, for example, the mandatory contribution plus 5% of the employee's salary
Excess amount	Specifies an amount in excess of the mandatory amount, for example, the mandatory contribution plus $500

Less than minimum relevant income

This section specifies the contribution levels if the employee's relevant income is less than the minimum relevant income. For this to take effect, you must have defined the income range for the contribution plan in the Hong Kong payroll IMG. Go to *Payroll Hong Kong → Contribution Plan → Define contribution plan special rules [Extern]*.

You can choose the default contribution levels or specify alternative levels.

Greater than maximum relevant income

This section specifies the contribution levels if the employee's relevant income is more than the maximum relevant income.

You can choose the default contribution levels or specify alternative levels.

Integration

Each contribution plan has a matching <u>Entitlement Plan infotype (0347) [Seite 15]</u> to record the benefits accrued when the retirement scheme matures.

PY-HK Contribution/Entitlement Eligibility (0349)

Definition

This infotype limits the employee to a specific group of retirement schemes an employee can enroll in. These schemes include <u>occupational retirement (ORSO) schemes [Seite 9]</u> as well as <u>Mandatory Provident Fund (MPF) [Seite 8]</u> schemes.

Use

An employee is mandated to join the MPF scheme. The employee may also be eligible to join other ORSO schemes, depending on the employee's seniority and occupation, as well as other company requirements.

The system allows you to organize employees into different groups, with each group eligible for specific schemes.

PY-HK Eligibility Grouping for Contribution Plan

Use

Some companies allow different groups of employees to enroll in different retirement schemes. For example, executives are allowed to enroll in retirement schemes A and B, while non-executives can only enroll in retirement schemes C and D.

In the SAP system, you can group employees by their eligibility to enroll in specific groups of retirement schemes.

Integration

When you create eligibility groups for the contribution plans, you must also create eligibility groups for entitlement plans [Seite 17].

Activities

Before you can assign the eligibility grouping for each employee, you must set up the eligibility grouping for each contribution plan. This includes:

- Defining the different employee groupings in your organization

- Assigning contribution plans for each group of employees. In the implementation guide (IMG), go to *Payroll Hong Kong → Contribution Plan → Assign contribution plan eligibility [Extern]*.

- Defining transfer rules for moving between eligibility contribution plans in a group. In the implementation guide, go to *Payroll Hong Kong → Contribution Plan → Define contribution plan transfer rules [Extern]*.

After you have customized the eligibility groupings for your organization, you can assign each employee to the appropriate grouping using the Contribution/Entitlement Eligibility infotype (0349) [Seite 72].

PY-HK Assigning the Contribution Eligibility Grouping

Use

By assigning an employee to a contribution eligibility grouping, you control the retirement schemes that the employee can enroll in.

Prerequisites

You must set up the eligibility groupings using the Hong Kong payroll implementation guide (IMG) beforehand. Go to *Payroll Hong Kong → Contribution Plan → Assign contribution plan eligibility [Extern]*.

In addition, you must also assign the employee to an entitlement eligibility grouping [Seite 18].

Procedure

25. Choose *Human Resources → Personnel Management → Administration → HR Master Data → Maintain*.

　　　The *Maintain HR master data* screen appears.

26. Enter the *employee's personnel number*, and then enter 0349 in the Infotype field of the Direct selection section of the screen to access the Contribution/Entitlement Eligibility infotype (0349) [Seite 72].

27. Choose *Create*.

　　　The *Create Cont/Ent Eligibility screen* appears.

28. Enter the appropriate contribution plan eligibility grouping for the employee.

29. Save.

Result

The contribution plan eligibility grouping is created for the employee.

PY-HK Assigning a Contribution Plan

Use

Some retirement schemes, including MPF [Seite 8], require a regular contribution from both the employee and the employer. Assigning the appropriate contribution plan allows you to record the contribution amounts from both employee and employer. This amounts are then used in the payroll run to calculate the employee's net income.

Prerequisites

When an employee terminates his employment, he can expect to receive an entitlement from the retirement scheme he enrolled in. This means that the system also needs to record and process the entitlement data as well.

Procedure

30. From the Easy Access menu, choose *Human Resources → Personnel Management → Administration → HR Master Data → Maintain*.

    The *Maintain HR master data* screen appears.

31. Enter the *employee's personnel number*, and then enter `0346` in the Infotype field of the Direct selection section of the screen (to access the *Contribution Plan* infotype (0346)).

32. Then select the *Create* button.

    A list of eligible MPF and ORSO-type schemes appears.

33. Select the appropriate scheme from the list.

    The *Create Contribution Plan* screen appears.

34. Enter the appropriate contribution plan information for the employee into contribution plan infotype [Seite 70].

35. Save the entry when you are done.

Result

The employee is now enrolled into the selected contribution plan. The system will automatically display the corresponding entitlement plan for you to enter the entitlement data for this scheme.

See also: Assigning an Entitlement Plan [Seite 20]

PY-HK Transferring Contribution Plans

Use

An employee can transfer from one retirement scheme to another. For example, when an employee moves to a more senior position, the employee can choose to upgrade the retirement scheme.

You can reflect this transfer of contribution plans, including recording brought forward credit from the previous scheme.

Prerequisites

You must have set up the rules for transferring between eligible contribution plans. In customizing, go to *Payroll Hong Kong* → *Contribution Plan* → Define contribution plan transfer rules [Extern].

Procedure

36. Choose *Human Resources* → *Personnel Management* → *Administration* → *HR Master Data* → *Maintain*.

    The *Maintain HR master data* screen appears.

37. Enter the *employee's personnel number*, and then enter `0346` in the Infotype field of the Direct selection section of the screen to access the *Contribution Plan* infotype (0346).

38. Choose *Change*.

39. Select the appropriate MPF and ORSO-type scheme from the list.

    The *Change contribution plan* screen appears.

40. Choose *Transfer*.

    The *Transfer contribution plan* dialog box appears for you to enter the plan to transfer to.

41. Choose the contribution plan that the employee is being transferred to.

    A new *Create contribution plan* screen appears for you to enter the new data.

42. Enter the information for the new contribution plan in the appropriate fields.

43. Save.

Result

The employee is now enrolled in the new contribution plan. The system displays the corresponding entitlement plan infotype (0347) [Seite 15] for you to enter the entitlement data for this new scheme.

See also:

Assigning a Contribution Plan [Seite 75]

Assigning an Entitlement Plan [Seite 20]

PY-HK Crediting Previous Years of Service

Use

Some organizations allow their employees to take into account their previous employment when they enter a retirement scheme. You can enter this data in the employee's Contract Elements infotype (0016) [Extern].

Procedure

44. Choose *Human Resources → Personnel Management → Administration → HR master data → Maintain*.

    The *Maintain HR master data* screen appears.

45. Enter the employee's personnel number, and then enter `0016` in the *Infotype* field of the *Direct selection* section of the screen to access the *Contract Elements* infotype (0016).

46. In the *Credit of Previous Service* field, enter the years, months, and days of previous employment that the retirement scheme must take into account.

47. Save.

Result

The system takes into account the period of previous employment when calculating contributions for enrolling in the retirement scheme.

PY-HK Mandatory Provident Fund (MPF) Media Reports

Definition

In the SAP System, you can execute the following reports for media transferring MPF contribution data to the corresponding bank:

Employer's return of remuneration and pensions for the tax year

- Periodic MPF Contribution Report (format: bank of Bermuda [Seite 79]) report (*HHKCPFB0*)

Periodic MPF Contribution Report (format: HSBC [Seite 81]) report (*HHKCPFC0*)

PY-HK Periodic MPF Contribution(Bermuda Bank) Report(HHKCPFB0)

Use

In Hong Kong, *Mandatory Provident Fund* (*MPF*) contributions by both the employer and employee are saved in banks, based on contracts between the employer and the bank.

For better control over the *MPF* contributions, the employer usually media transfer the contribution data to the bank after each payroll period. However, different banks might have different requirements and format for the transfer.

You use this report to generate the file to transfer to the Bank of Bermuda.

Prerequisites

- You must run payroll successfully for the employee(s) first.

- You setup feature *27PFB* properly in the system, with company code, MPF scheme code, voluntary scheme code assigned by the Bank of Bermuda.

Activities

- You can read details of MPF contribution for selected employees before downloading. The information are sorted by employee number, including voluntary and mandatory contribution percentage and amount by both the employer and employee, as well as the employee's relevant income.

- After you choose *download* on the toolbar, the information is saved to the local drive specified on the report selection screen. However, the file name is generated by the system, and it is defaulted to be txt format.

See also:

Executing Periodic MPF Contribution Report for Bank of Bermuda [Seite 80]

Executing Periodic MPF Contribution Report for Bank of Bermuda

Use

You this report to generate Mandatory Provident Fund (MPF) contribution data to media transfer to the Bank of Bermuda.

Prerequisites

- You must run payroll successfully for the selected employee(s).

- You setup feature *27PFB* properly in the system.

Procedure

1. Select *Subs. Activities → Per payroll period → Reporting → MPF contri. Medium → Bermuda format.*

    The report selection screen appears.

2. Enter the payroll period and the personnel number valid for the report;

3. You may select either of the following as additional criterion:

    ˜ Enrollment data

    ˜ Periodic contribution data

    ˜ Termination data

4. You may input a different drive to download the contribution data, while the system default is C drive.

5. After you executing the report, the contribution data are sorted into three categories:

    - Enrollment

    - Periodic contribution

    - Termination

    A table indicating how many persons are included in the three categories appears.

    You may select a category and choose *List → List detail*. Thus you will be able to take a closer look at the detailed contribution information.

6. Choose *download* icon on the toolbar.

    The system will download the file to the drive specified on the report selection screen. However, the name of the file are generated by the system with default format in txt.

Result

The contribution data in the system are successfully transferred to the particular drive and ready for transfer to the Bank of Bermuda.

PY-HK Periodic MPF Contribution Report(format:HSBC) (HHKCPFC0)

Use

In Hong Kong, *Mandatory Provident Fund* (*MPF*) contributions by both the employer and employee are saved in banks, based on contracts between the employer and the bank.

For better control over the *MPF* contributions, the employer usually media transfer the contribution data to the bank after each payroll period. However, different banks might have different requirements and format for the transfer.

You use this report to generate the file to transfer to HSBC Bank.

Prerequisites

- You must run payroll successfully for the employee(s) first.

- You setup feature *27PFC* properly in the system, with Employer ID No. and Termination Reason code defined by HSBC bank.

Activities

- You must specify the payroll period and the employee numbers.

- You must specify the name of the drive you want to download the file to.

- After your executing the report, the relevant contribution information required by HSBC bank is transferred to the drive you specified with a default name.

    The system will notify you the file name and the the path again after the downloading.

See also:

Executing Periodic MPF Contribution Report for HSBC Bank [Seite 82]

Executing Periodic MPF Contribution Report for HSBC Bank

Use

You use this report to create *MPF* contribution file for media transfer to HSBC Bank.

Prerequisites

- You must run payroll successfully for selected employees.

- You must set up feature *27PFC* properly in the system.

Procedure

1. Select *Subs. Activities → Per payroll period → Reporting → MPF contri. Medium → HSBC format.*

    The report selection screen appears.

2. Enter the payroll period and the personnel number valid for the report.

3. You may select either of the following as additional criterion:

    ~   *Pay date on termination date*

    ~   *Pay date at the end of contribution period*

4. You may input a different drive to download the contribution data, while the system default is C drive.

5. Execute the report.

    The system will download the file to the specified drive on the report selection screen with a default name defined by the system.

6. After the download, the system will suggest the file name and path on the screen.

Result

The MPF contribution data are transferred to specified drive and ready for media transfer to HSBC bank.

PY-HK Deductions

Purpose

The deductions component describes how some deductions can be handled in the R/3 system.

PY-HK Subsequent Activities

Purpose

After processing Net Payroll, the SAP Payroll system includes a number of post-payroll activities. You can, for example, create electronic media for making direct deposits to an employee's bank account.

Integration

You can post payroll results to the general ledger and controlling accounts in the Financial Accounting module of the SAP system.

Features

Final Payroll Processing allows you to:

- Check that the payroll results have no inconsistencies before you release them

- Directly deposit employee's pay

- Print employee's payslip

- Post to Financial Accounting and Controlling

Wage and Salary Payments

Purpose

This component enables you to pay wages and salaries to employees, while taking into consideration country and bank-specific requirements and specifications. Moreover, you can make certain employee-specific payments to third parties (dependent on the country version), whereby the employee is not the payment recipient. The system offers different variants of *wage and salary payments*, which are used in various combinations by the individual country versions.

You can find technical information on *wage and salary payments* and notes on the necessary Customizing settings in the following sections:

- Payment-Related Information in the Master Data [Seite 86]

- Payment-Related Information in the Payroll Result [Seite 87]

- Preliminary Program for Data Medium Exchange [Seite 89]

You can find information on the posting of payment transactions in the documentation for *Posting to Accounting,* under Integration with the Posting of Payment Transactions [Extern].

Scope of Function

You can find information on *wage and salary payments* in the following sections.

Payment-Related Information in the Master Data

Certain information from the master data for your employees reappears in the *Payroll* results. The *Wage and Salary Payments* evaluates this Information in the Payroll Results [Seite 87], but also accesses certain infotypes directly.

Below is a list of the international infotypes that contain payment-related information.

- Organizational Assignment (Infotype 0001) [Extern]

- Personal Data (Infotype 0002) [Extern]

- Addresses (Infotype 0006) [Extern]

- Bank Details (Infotype 0009) [Extern]

- External Bank Transfers (Infotype 0011) [Extern]

> In addition to the infotypes mentioned above, there are other international wage types (e.g. for capital formation) that contain payment-related information. These infotypes will not be discussed here. For more information on international infotypes, see the SAP Library under *Human Resources → Payroll → <Country>*.

For more information on how the system evaluates the payment-related information in the master data and the payroll results, see Preliminary Program DME [Seite 89].

Payment-Related Information in the Payroll Results

The following tables in the payroll results contain payment-related information that the system evaluates during the wage and salary payments process.

- *Payment Information* (BT)

- *Work Center/Basic Pay* (WPBP)

Payment Information table (BT)

Every entry in the *Payment Information* table (BT) in an employee's payroll results corresponds to a payment that was created in a payroll period for this employee. However, the employee is not necessarily the **payment recipient** of all payments. A difference must be made, for entries in the *Payment Information* table (BT), between payments to the employee and employee-specific payments to third parties.

The origin and treatment of employee-specific payments to third parties is country-specific. If, for example, salary elements for an employee are garnished or are retained for capital formation, an entry is created in the *Payment Information* table (BT) in the employee's payroll results, for payment of the retained amount to a third party (e.g. the creditor or the capital formation institute). The origin of this entry depends on the county version used, and the settings in Customizing. However, employee-specific payments to third parties do not necessarily create an entry in the *Payment Information* table (BT) for the employee. The reason for this is that in certain country versions these payments are made independent of the *Wage and Salary Payments* component.

Entries in the *Payment Information* Table (BT) for Payments to the Employee

- The *Payment Method* field is always filled.

- The *Bank Number* and *Bank Account* fields are filled, if the payment method requires bank details.

- The *Recipient*, *Postal Code* and *Location* fields are filled, if you have manually overwritten the corresonding fields in the Bank Details infotype (0009) [Extern]. If you have not manually overwritten these fields in the *Bank Details* infotype (0009), the values from the Personal Data (0002) [Extern] and Addresses (0006) [Extern] infotypes are displayed there. In this case, the *Recipient*, *Postal Code* and *Location* fields are not filled in the *Payment Information* table (BT).

Entries in the *Payment Information* Table (BT) for Employee-Specific Payments to Third Parties

- The entry in the *Payment Information* table (BT) for an employee-specific payment to a third party either contains detailed information from the infotype that forms the basis of the payment (Payment Method, Bank Details, Name and Addresses), or a recipient key in the *Recipient* field. This recipient key refers to Customizing for *Personnel Management*, where you must store the detailed information mentioned.

Payment-Related Information in the Payroll Results

- The *Purpose* field in the *Payment Information* table (BT) is filled, if a purpose was entered in the infotype that forms the basis of the payment.

  ➡️

  > Note that not all the fields in the *Payment Information* table (BT) are discussed here. For more information on how the system determines the information on the payment recipient, see Preliminary Program DME [Seite 89], in the "Scope of Function" section.

Work Center/Basic Pay Table (WPBP)

Certain organizational elements from the *Organizational Assignment* infotype (0001) are stored in the *Work Center/Basic Pay* table (WPBP) during payroll. These organizational elements are used in the wage and salary payments process (dependent on Customizing) to determine the house bank and the house bank account.

Furthermore, the system uses the *Work Center/Basic Pay* table (WPBP) to determine the paying company code. Specification of the paying company code is optional in Customizing. If you have not specified a paying company code in Customizing, the system uses the company code that is stored in the *Work Center/Basic Pay* table (WPBP) in the employee's payroll results. If the *Work Center/Basic Pay* (WPBP) table for the employee contains several partial periods as the result of a WPBP Split [Extern], in the payroll period to be processed, the system uses the company code in the last partial period, in which the employee was active, to determine the paying company code.

Preliminary Program DME

Use

To start the preliminary program DME, choose *Human Resources → Payroll → Payroll → Bank Transfer → Pre. Program DME* from the *SAP Easy Access* menu.

You use the preliminary program DME to evaluate the payroll results to create payment data. The creation of payment data is the first step in the wage and salary payments process.

You can also use the preliminary program DME if you want to make several partial payments on different dates within a payroll period (Qualified Advance Payment [Extern]).

The preliminary program DME can evaluate payments using different payment methods [Extern] in a payment run. The payment medium programs, which further process the data created by the preliminary program DME, select the relevant data records using the payment method.

The preliminary program DME processes both information from the master data [Seite 86] and information from the payroll results [Seite 87] for an employee.

Integration

The payment data created by the preliminary program DME is processed by the country-specific payment medium programs in *Accounting* to create payment mediums (for example, DME files for the bank, checks). You must start these subsequent programs after the preliminary program DME has evaluated the payroll results for the employee and has created the payment data.

Prerequisites

You have exited payroll for the payroll periods for which you want to make wage and salary payments. (Exception: You make a Qualified Advance Payment [Extern] before exiting payroll.)

You have checked or made the following settings in agreement with *Accounting*.

- **Setting up the payment methods** (in Customizing for *Personnel Management* under *Personnel Administration → Personal Data → Bank Details →* Define Payment Method [Extern])

- **Setting up the house banks and house bank accounts** (in Customizing for Payroll under *Data Medium Exchange → Preliminary Programs for Data Medium Exchange →* Set Up House Banks [Extern])

- **Defining the Sending Banks** (using the *Sender Account Number for Data Medium Exchange* feature (DTAKT) in Customizing for Payroll under *Data Medium Exchange → Preliminary Programs for Data Medium Exchange →* Define Sending Banks [Extern])

Preliminary Program DME

- **Defining the paying company code** if you do not want to use the company code stored in the *Organizational Assignment* (0001) infotype (using the *Sender Account Number for Data Medium Exchange* feature (DTAKT) in Customizing for Payroll under *Data Medium Exchange* → *Preliminary Programs for Data Medium Exchange* → Define Sending Banks [Extern]).

- **Assigning the text key for the payment transaction to transfer wage types** (in Customizing for Payroll under *Data Medium Exchange* → *Preliminary Programs for Data Medium Exchange* → Check Text Keys for Payment Transactions [Extern])

   This assignment is not necessary in all country versions.

Scope of Function

For every current original result for employees processed in a payment run, the preliminary program DME reads the *Payment Information* table (BT) in the payroll results.

In the process, the system performs the following steps for every entry in this table:

- The system determines the information on the payment recipient

  – from the entry in the *Payment Information* table (BT)

  – from the *Payee Keys* table (T521B), if the entry in the *Payment Information* table (BT) contains a recipient key

  – from the *Personal Data* (0002) and *Addresses* (0006) infotypes, if the entry in the *Payment Information* table (BT) does not contain a recipient key and does not contain any recipient data

- The system evaluates the *Sender Account Number for Data Medium Exchange* feature (DTAKT) to determine the following information:

  – The paying company code

  – The house bank

  – The house bank account

- The system reads the *Purpose* field in the *Payment Information* table (BT):

  – If the *Purpose* field is filled, the contents of the field are transferred to the payment data.

  – If the *Purpose* field is not filled, the following text is used: "Wage/Salary", <Personnel Number>, <Payroll Period> or "Pension", <Personnel Number>, <Payroll Period>.

- The system determines the payment currency:

  – If the *Currency* field in the *Payment Information* table (BT) contains a currency, this currency is used for the payment.

  – If the *Currency* field in the *Payment Information* table (BT) does not contain a currency, the currency from the *Currency* field in the *Payroll Status Information* table (VERSC) is used for the payment.

- The system reads the bank codes of the house banks and the recipient bank from the *Bank Master Record* table (BNKA).

- The system checks the payment data for consistency. If a payment with inconsistent data exists for an employee, the system does not make any payment for this employee.

- For every entry in the *Payment Information* table (BT) the system creates an entry in the payment data.

Selection

The selection screen for the preliminary program DME is country-specific. The following describes only the most important international parameters.

Set Flag for Transfers

We recommend that you mark this indicator. It causes the system to mark every processed entry in the *Payment Information* table (BT) with date and time, to show payment runs carried out later that it is "processed". This prevents entries in the *Payment Information* table (BT) being accidently processed more than once. If the payroll run is repeated after you have executed the preliminary program DME, the system does not overwrite the entries marked with date and time but performs a difference calculation. That is why you must mark the *Set Flag for Transfers* indicator if you want to perform a qualified advance payment.

Wage Type

You can use these input fields to restrict a payment run to certain wage types, for example, to pay the wage types created for *External bank Transfers* (Infotype 0011) separately from the employee's salary.

Test

If you mark this indicator, the system only displays the payments to be made as the result for a payment run. It does not create any payment data and does not change any data in the payroll results.

Output

The preliminary program DME creates a payment run, which contains payment data. You can clearly identify every payment run using the *Program Run Date* and *Identification Feature* combination. The *Identification Feature* originates from the six-digit system time, at which you started the preliminary program DME. The system replaces the last digit of the six-digit system time in the *Identification Feature* with a `P`.

> You started the preliminary program DME at 09.25 on 04.14.2000. You can clearly identify the payment run created using the *Program Run Date* (`04.14.2000`) and *Identification Feature* (`09251P`) combination.

The payment data contained in a payment run is saved in the following tables:

- *Control Records for the Payment Program* (REGUV)

Preliminary Program DME

- *Settlement Data from Payment Program* (REGUH)

- *Processed Items from Payment Program* (REGUP)

The data in these tables is further processed by the payment medium programs in *Accounting*. For more information, see <u>Payments (FI-BL) [Extern]</u>.

See also:

<u>Repeating a Payment Run [Seite 93]</u>

Repeating a Payment Run

Use

If a payment run was not carried out correctly (for example, because of a program termination), you have to repeat this payment run.

Prerequisites

When you created the payment run that you now want to repeat, you marked the *Set Flag for Transfers* indicator.

Procedure

1. Make the same settings on the Preliminary Program DME [Seite 89] selection screen that you made when you created the original payment run.

2. In the *Repeat Run: Date* and *Time* fields, enter the date and time for the payment run to be repeated.

   The system uses this entry to evaluate the entries in the *Payment Information* table (BT) which the preliminary program DME marked with data and time, but for which the date and time correspond to your entries in the *Repeat Run*: *Date* and *Time* fields.

3. If you only want to evaluate entries in the *Payment Information* table (BT) which have already been marked, select the *Flagged Records Only* indicator.

   If you do **not** set this indicator, the system also evaluates the entries in the *Payment Information* table (BT) which are still not marked with date and time.

4. Choose 🕐

   💡

   If you do not know the date and time for the payment run to be repeated, proceed as follows:

1. Use the Display Payroll Results [Extern] program (Report H99_DISPLAY_PAYRESULT) to display a payroll result (for any employee) that was evaluated during the original payment run.

2. Display the *Payment Information* table (BT).

3. Select an entry from the *Payment Information* table (BT) which the preliminary program DME marked with date and time when creating the original payment run.

4. Make a note of the values in the *Date* and *Time* fields so that you can enter them in the *Repeat Run: Date* and *Time* fields on the Preliminary Program DME selection screen.
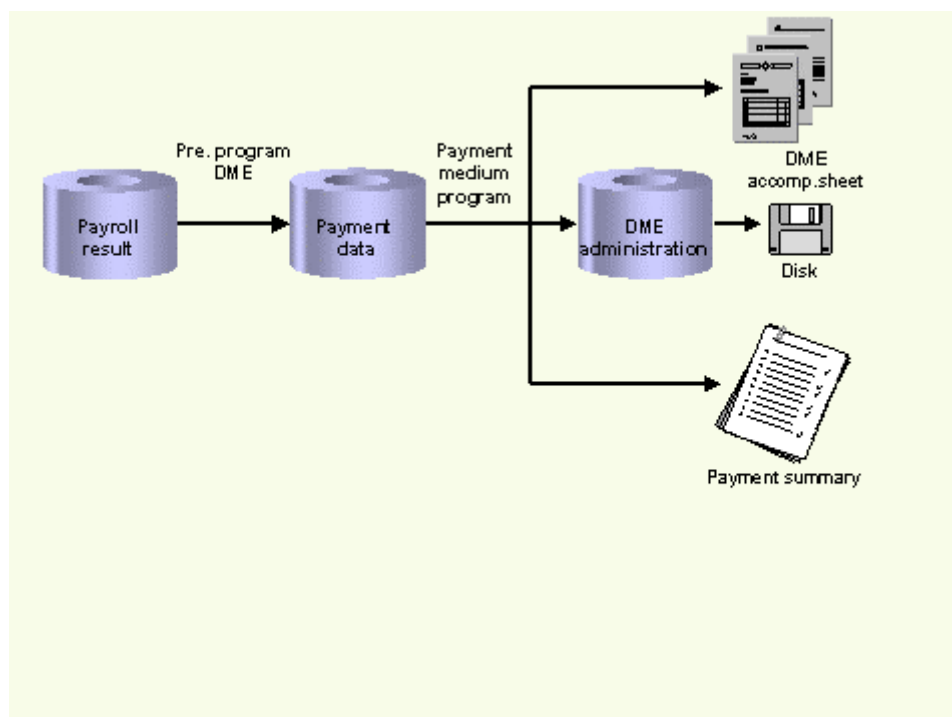
Wage and Salary Payments by Bank Transfer

Purpose

The system uses this process to provide all the information your house bank needs to transfer the wage and salary payments to your employees. The system creates a DME file and the DME accompanying sheet. Furthermore, you can print a payment summary which lists the individual payments. You can use the payment summary to, amongst other things, post the wage and salary payments manually to *Financial Accounting*.

Process Flow

1. The preliminary program DME [Seite 89] evaluates the entries in the *Payment Information* table (BT) in the payroll results for the employees, and creates a payment run which contains the payment data.

2. The payment medium program [Extern] for the bank transfer evaluates the payment data and creates a DME file, the DME accompanying sheet and the payment summary. The DME file contains all bank transactions and is of the same format as the file used by the bank for your country.

3. You provide your house bank with the DME file created, so that the bank transfer can be made.

The following graphic shows the process flow of wage and salary payments by bank transfer.

Evaluating Payroll Results

Procedure

1. Start the preliminary program DME [Seite 89].

2. Make the required entries for *Payroll period*, *Selection* and *Wage types*.

    Select the *Set flag for transfers* indicator (see Preliminary Program DME [Seite 89]), and select 🔄.

    > The system produces statistics on the personnel numbers evaluated and the entries in the *Payment Information* table (BT).

4. Make a note of the program run date and the six-digit identification feature. You will have to enter these values at a later stage on the selection screen of the payment medium program, which you use for creating the DME file [Seite 96].

Result

The system evaluates the payroll results for the employees you selected, and saves the payment information as payment data to the database.

Creating a DME File

Procedure

1. Start the payment medium program used for creating DME files.

2. Enter the *program run date* and the *identification feature* of the payment run to be processed.

3. In the *Print control* section, select the *Data medium exchange* and *Print payment summary* indicators.

4. Enter the additional necessary data, and choose .

Result

The system evaluates the payment data for the payment run you entered, and creates a DME file. The DME file contains all bank transactions and is of the same format as the file used by the bank for your country.

Furthermore, the system creates the DME accompanying sheet and the payment summary for this DME file. You can continue to process the DME file created, using data medium administration [Seite 97].

Data Medium Administration

Use

Data medium administration (DME administration) helps you to manage the data media that you create in Financial Accounting and in Human Resources.

In the Accounts Receivable or Accounts Payable menu, choose *Periodic processing → Payments*. The system displays the Automatic Payment Transactions: Status screen. From here, choose *Environment → Payment medium → DME administration* to reach the DME administration screen.

In the Payroll country menus, choose *Payroll → Bank transfer → DME management*.

In the DME administration overview, the system displays all the data media created with the selection criteria you have specified. You can call up further information for each data medium. Select the required data medium.

Features

DME administration includes the following functions:

- **Displaying data medium attributes**

    Choose *Extras → DME attributes*

    The system displays the following information for the selected data medium:

    - Payment run ID

    - House bank or clearing house

    - Date and time of data medium creation

    - Responsible person

    - Amount paid in currency specified

    - Further technical data

- **Deleting an individual or several data media**

    The accompanying administrative data is deleted from the system at the same time.

    Select the required data medium and then choose *Edit → Delete data medium*. A confirmation prompt appears. The selected data media are deleted when you confirm this prompt.

    If you wish to delete data media from several company codes, then you should use the reorganization function within the payment program.

    See also:

    Deleting DME Administrative Data Across Company Codes [Extern]

- **Downloading one or more files from the SAP system or from the file system to hard drive or disk**

    See also:

    Downloading a DME File onto Disk [Extern]

Data Medium Administration

- **Displaying the contents of a data medium on the screen or printing the contents**

  Choose *Edit* → *Display DME* contents from the DME administration overview screen.

  ➡

  The following functions are **not** available for payments from *Human Resources* (HR).

- **Displaying Documents**

  Choose *Extras* → *DME attributes* and then *Environment* → *Display documents*. By selecting *Choose*, you branch into the selected payment document.

- **Displaying the transferred data after receiving and entering the account statement**

  To do this, choose *Extras* → *Bk transact.attribs* from the DME administration overview screen. If your electronic account statements are processed automatically, then the system fills in the fields within the *Account statement* group.

- **Printing the payment summary for the selected data medium**

  To do this, choose *Extras* → *Payment summary* from the DME administration overview screen.

- **Creating a payment advice note**

  If you do not use the automatic transfer of electronic account statements but instead enter the account statement data manually, you can simplify this work by means of payment advice notes within DME administration.

  You can create a payment advice note for a specified data medium using *Environment* → *Generate doc.pmt adv*. You can enter this payment advice number at a later stage when clearing the bank clearing account. During clearing, the system then only proposes those open items which belong to the payments specified in the payment advice.

  You can find more information on the use of this function in Great Britain, (for the creation of a Telepay file, for example) in the documentation of report RFFODTA1.

PY-HK Payroll Results Checking

Purpose

The payroll results check tool lets you evaluate the different payments made to and on behalf of employees in a particular payroll area for a particular payroll accounting period.

This allows you to check for inconsistencies in the payroll results prior to the final release of that period's payroll.

Implementation Considerations

You must set up additional user wage types that are used in the payroll results check tool.

> For more information in customizing, choose *Payroll Hong Kong* → Payroll Result Checking [Extern] from the implementation guide (IMG).

PY-HK Evaluation of Payroll Results

Purpose

Evaluating the payroll results prior to releasing the payroll enables you to check for inconsistencies that can arise from errors. You can correct these errors and re-run the payroll for that period, before releasing the payroll.

Prerequisites

Ensure that the payroll for the payroll area and period has been run before you can evaluate the payroll results.

Process Flow

When the payroll has been run for a particular payroll area and period, you can evaluate the payroll results as follows:

1. Generate the payroll results check data to prepare the data for the payroll results check tool. You can use a batch job to generate results for more than one payroll area or period.

2. Run the payroll results check tool. The system displays a number of reports that you can use to analyze the payroll results for that period.

Result

From the reports of the payroll results check tool, you can compare the payroll results for different periods and check for inconsistencies. If you find an inconsistency, you can run a check to see if it is an accounting error.

When you are sure that there are no inconsistencies, you can release the payroll results.

PY-HK Preparation of Payroll Results Check Data

Use

Before you can use the payroll results check tool, you must prepare the payroll results check data. This is done by generating the payroll results check data for the appropriate payroll areas and periods.

Integration

You can display the generated payroll results check data at a later stage without regenerating the data. This is useful if you generate a number of payroll results check data as an overnight batch job. You can then view the generated payroll results data later.

Prerequisites

You must run the payroll before you can generate the payroll results check data.

Activities

You must generate the payroll results check data for each period sequentially. Changes made to data in one period affect data in subsequent periods. If you change data in one period, you must regenerate the payroll results check data for all subsequent periods. This only applies to the payroll results check data in one tax year.

> For performance reasons, create a batch input file to run this report during off-peak time.

PY-HK Generating Payroll Results Check Data

Prerequisites

You must run the payroll for this period before you can generate the payroll results check data.

Procedure

1. Choose *Human resources → Payroll → Asia/Pacific → Hong Kong → Subs. activities → Per payroll period → Evaluation → Payroll results check tool → Preparation → Data generation.*

   The *Payroll results check tool: Generation* screen appears.

2. Enter the relevant payroll area and period.

3. If you want the results to be written to the cluster, set the *Data update required* indicator.

4. To display the results of the generation, set the *Results display required* indicator.

5. Choose *Execute*.

Result

The payroll results check data is generated for the period selected. If you set the *Result display required* indicator, the results of the generated data appear.

See also:

Displaying the Payroll Results Check Data [Seite 103]

Evaluating the Payroll Results Check Data [Seite 105]

PY-HK Displaying the Payroll Results Check Data

Use

You can use this function to display the generated payroll results check data for a particular payroll area and period. This is useful if you generated the payroll results check data using an overnight batch job.

Prerequisites

You must generate the payroll results check data for the period before you can display the generated results.

Procedure

6. Choose *Human resources → Payroll → Asia/Pacific → Hong Kong → Subs. activities → Per payroll period → Evaluation → Payroll results check tool → Preparation → Data display*.

    The *Payroll results check tool: Display* screen appears.

7. Enter the relevant payroll area and period.

8. Choose *Execute*.

Result

The summarized results of the payroll results check data appears.

See also:

Generating Payroll Results Check Data [Seite 102]

Evaluating the Payroll Results Check Data [Seite 105]

PY-HK Payroll Results Check Tool

Use

When you have generated the payroll results check data for all relevant payroll areas and periods, you can use the payroll results check tool to analyze payroll data.

Prerequisites

You must generate the payroll results check data before you can run the payroll results check tool.

Features

When running the payroll results check tool, you can restrict the check to specific wage types. Otherwise, the default list of wage types is used. You can customize this list of wage types in the payroll customizing IMG for Hong Kong.

>　In customizing, choose *Payroll Hong Kong → Payroll Results Checking →* Set up wage type for payroll results checking [Extern].

You can also exclude data of employees who have left the company (leavers) from the payroll results check tool until the end of the tax year.

Activities

When you execute the payroll results check tool, the system provides the following:

Payroll reconciliation report	Contains a list of all incoming and outgoing payments (in terms of wage types) for the period
	From this report, you can move back and forth to view data from preceding and subsequent periods
Payroll summary report	Contains period and year-to-date amounts for the following wages:
	• Gross payment
	• Other payment
	• Total deductions
	• Net payment
Breakdown of payments report	Contains a list of payments that will be paid or has been paid to employees, categorized by methods of payment
Retroaction details report	Contains a list of retroactive payments for the period
Adjustment details report	Contains a list of the adjustments for the period

PY-HK Evaluating Payroll Results Check Data

Prerequisites

You must generate the payroll results check data before you can run the payroll results check tool.

Procedure

9. Choose *Human resources → Payroll → Asia/Pacific → Hong Kong → Subs. activities → Per payroll period → Evaluation → Payroll results check tool → Evaluation.*

   The *Payroll results check tool* screen appears.

10. Enter the relevant payroll area and period.

11. If you want to analyze specific payments, enter the wage types that represent these payments. To use the default list of wage types, leave the *Wage Type* option blank.

12. If you want the data of employees who have left the company to be included, set the *Keep leavers until end of year* indicator.

13. Choose *Execute*.

Result

The *Payroll reconciliation report* appears.

> The screen includes options to display the other reports evaluated by the payroll results check tool.

See also:

Generating Payroll Results Check Data [Seite 102]

Displaying the Payroll Results Check Data [Seite 103]

PY-HK Reporting

Purpose

The reporting component provides reports required for submitting year-end tax returns according to statutory regulations.