

# Wage and Salary Payments



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## Wage and Salary Payments

### Purpose

The process of wage and salary payment allows you to make payments to third parties as well as to your employees. This process supports different payment mediums, for example, disks in country-specific disk formats, checks, and other country-specific data mediums.

In the USA, the majority of payments to third parties are effected using the *Third-Party Remittance* function and not using the payment process described here.

### Prerequisites

The employee master data contains the following payment data:

- *Personal Data* infotype (0002)
- *Addresses* infotype (0006)
- *Bank Details* infotype (0008) in which you specify the main bank and, if required, other bank details for your employees. The term *Bank details* therefore has a broader meaning: For example, you can also specify in this infotype that payment should be effected by check
- *External Transfers* infotype (0011), which you can also set up to make payments to third-parties in particular cases
- Any possible country-specific infotypes containing payment information

The *Bank Details* and *External Transfers* infotypes are interpreted during the payroll run, and the *Personal Data* and *Addresses* infotypes are processed in the *Preliminary Data Medium Exchange Program*.

The master data information must be correctly processed in payroll. The items to be posted are stored in the *Bank Transactions* table (BT) and these entries are read during the payment process.

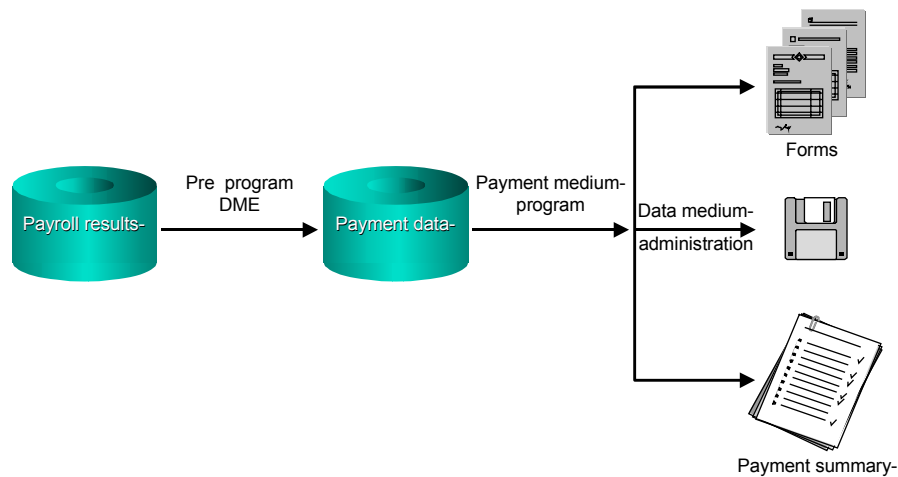
In the USA it is possible to perform a [test transfer \[Page 10\]](#), to check an employee's bank details.



If you pay your employees by check, please see [Wage and Salary Payment by Check \[Page 8\]](#). This function is available in the USA, Canada, Indonesia, and Malaysia.

## Wage and Salary Payments

## Process Flow



The process for each payroll period comprises the following steps:

#### 1. Preliminary Program for Data Medium Exchange

A dataset is generated from the entries in the *Bank Transactions* table. This dataset contains the payment data and serves as the input for the subsequent payment medium program. You can transfer different wage types, for example, salaries, company insurance, or capital formation payments in separate payment runs.

The test run log, which you can trigger before a live run, gives an overview of the selected dataset.

When performing a live run, it is possible to flag the transferred records with the date and time of processing in the *Bank Transactions* table. It is then only possible to repeat a live run by specifying this time stamp. For security reasons, SAP recommends that you use this flag option. In the case of a [qualified advance payment \[Ext.\]](#) the transferred records must be flagged.

The result of the preliminary program is a dataset of transfer data - the payment data - stored in tables and which serves as the input for the subsequent payment medium run. The payment medium run transfers the data to the appropriate payment medium.

#### 2. Creating a Data Medium

The selected dataset is converted into the country-specific data medium exchange format and printed in a file.

You can select a specific transfer run for processing and enter specific processing data.

You also receive a payment summary with a detailed list of the individual items.

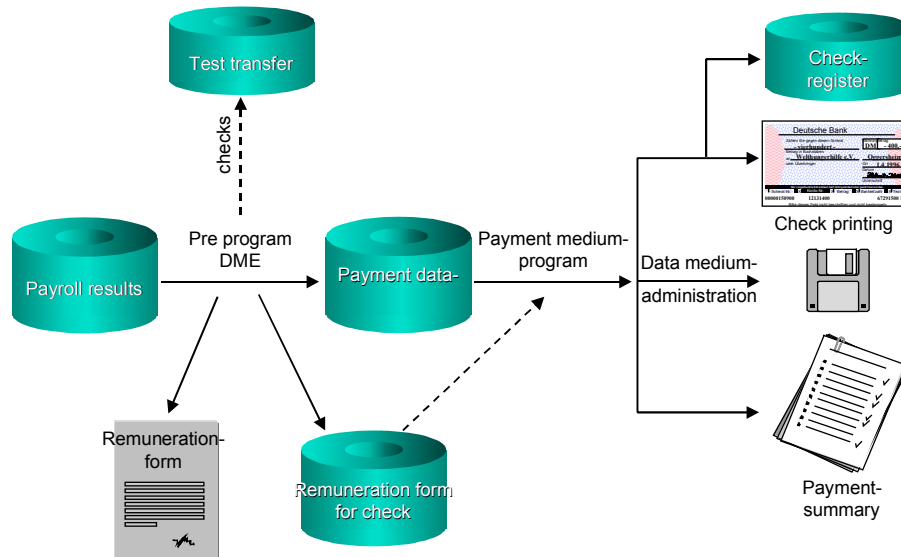
The [data medium administration function \[Page 13\]](#) supports you when editing the data medium.



With wage and salary payments, posting is *not* automatic. As a result, you must perform one or more manual postings of the type “wages and salaries to be paid” to the “bank clearing account”. Since this posting is summarized for data protection reasons, and is not effected per personnel number, a small number of items are usually posted. The number of posting lines depends on the number of company codes and house banks involved. You can make the posting using the payment summary.

## Wage and Salary Payment by Check

### Process Flow



The process for each payroll period comprises the following steps:

#### 1. Preliminary Program for Data Medium Exchange

A dataset is generated from the entries in the *Bank Transactions* table for the payroll results. This dataset contains the payment data and serves as the input for the subsequent payment medium program. You can transfer different payments in separate payment runs. In the case of a [qualified advance payment \[Ext.\]](#) the transferred record must be flagged.

The test run log, which you can trigger before a live run, gives an overview of the selected dataset.

When performing a live run, it is possible to mark the transferred records with the date and time of processing in the *Bank Transactions* table. It is only then possible to repeat a live run by specifying this time stamp. For security reasons, SAP recommends that you use this flag option.

- If you use the *Check* payment method for your employees, the employee remuneration statement will be printed on a check. The remuneration statement is generated automatically, and read by the check print report, which you can call at a later stage. The remuneration statement then appears on a check, which is printed at the end of the process.



## Wage and Salary Payment by Check

- If you use the *Bank Transfer* payment method, the remuneration statement is printed during the preliminary program data medium exchange. This also takes place if the employee receives no payments.

The result of the preliminary program is a dataset of transfer data- the payment data- stored in tables, which is subsequently read by the payment medium program. The payment medium program transfers the data to the appropriate payment medium.

### 2. Creating a Data Medium

The selected dataset is converted into the country-specific data medium exchange format and printed in a file.

You can select a specific payment run for processing and enter specific processing data.

You also receive a payment summary with a detailed list of the individual items.

The [data medium administration function \[Page 13\]](#) supports you when editing the data medium.

### 3. Check Printing

The employee remuneration statement is printed on the check for the employee automatically. An entry is made in the [check management \[Ext.\]](#) for each check.

The check print report also generates a payment summary listing the individual items.



With wage and salary payments, posting is *not* automatic. As a result, you must perform one or more manual postings of the type “wages and salaries to be paid” to the “bank clearing account”. Since this posting is summarized for data protection reasons, and is not effected per personnel number, a small number of items are usually posted. The number of posting lines depends on the number of company codes and house banks involved. You can make the posting using the payment summary.

## Test Transfer

# Test Transfer

This function is only available in the USA.

## Use

The test transfer prepares the bank transfer. Your employees' bank details are checked before the actual transfer by performing a test transfer using zero as the amount.

## Prerequisites

The *Bank Details (0009)* and, if required, the *Ext. Bank Transfers (0011)* infotypes must be maintained since they contain the data used to determine the new bank details for the test transfer.

The new bank details are determined using short-term documents for the *Bank Details* and *Ext. Bank Transfers* infotypes. These short-term documents must be set up before the system is started.

## Scope of Functions

The test transfer procedure consists of several steps:

- The new bank details are selected
- A test transfer file is generated from the selected data. The value of the payment items in the test transfer file is zero.
- The test transfer file is transferred to the bank.

When the bank has checked the data, and identified any errors, the incorrect bank details can be corrected in the master data.

If a test transfer has taken place, the *Preliminary Program for Data Medium Exchange* checks whether a test transfer file has been created and whether the bank has confirmed the transfer as incorrect. The test transfer must be free of errors and be completed prior to the actual transfer, up to ten days before, although this may vary according to the individual bank.

The *Preliminary Program for Data Medium Exchange* only then creates the transfer using these bank details, otherwise a check will be printed.

## Activities

Choose *Payroll* → *Bank Transfer* → *Test Transfer* and enter the required data.

To make the required settings, choose *Customizing for Payroll* → *Payroll: USA* → *Prenotification*.

## Preliminary Program for Data Medium Exchange

### Definition

You can use this function to collect the payment-related data for your employees for wage and salary payments.

### Use

The *Preliminary Program for Data Medium Exchange* retrieves the relevant data for wage and salary payments from the payroll results. When the program is started, you can decide whether to split different payments into separate runs.

The payment data is used as the output for the subsequent payment medium program.

### Integration

The *Preliminary Program for Data Medium Exchange* is part of the wage and salary payments process.

The *Create DME*, *DME Management* and *Print Check* functions are linked.

### Prerequisites

The payment-related infotypes, in particular the *Bank Details (0009)* and, if required, the *Ext. Bank Transfers (0011)* infotypes must be maintained. A live payroll run must also have been performed successfully.

In the USA, if a bank transfer is being considered, a [test transfer \[Page 10\]](#) must have taken place. If the test transfer contained errors, or less than ten days have passed since the test transfer, check printing is triggered automatically.

### Activities

Choose *Payroll* → *Bank Transfer* → *Pre. Prog. DME*, and enter the required data.

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**Creating a Data Medium**

## Creating a Data Medium

### Use

You use this function to generate a file that contains the data for the data medium exchange in a country-specific format.

### Integration

[Data medium administration \[Page 13\]](#) includes the functions required for further processing of the data medium.

### Prerequisites

The *Preliminary Program Data Medium Exchange* must be started to ensure that the payment data is available as input for the payment medium program.

### Scope of Functions

You can save the file as a TemSe file within the R/3 System. This protects the file against unauthorized access and the data can then be downloaded, for example, to a disk, using the data medium administration functions.

It is also possible to save the file in a file system. Due to the reduced data security, however, this is only recommended if the file is to be transferred from there to the banks by means of an external program.

In addition to the payment mediums, you can also print the accompanying data medium sheet and the payment summary. You can also print advice notes, however, this is usually not required in payroll.

### Activities

Choose *Payroll* → *Bank Transfer* → *Create DME* and enter the required data.

## 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 \[Ext.\]](#)

- **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 \[Ext.\]](#)

**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.

## Check Printing

### Use

You use this function to print checks.

### Integration

An entry is made in the check register in [check management \[Ext.\]](#) for each individual check.

### Prerequisites

The *Preliminary Program for Data Medium Exchange* must have been started so that the payment data is available and the remuneration statement has been generated and can be read by the check printing report.

### Scope of Functions

The employee remuneration statement is automatically printed on the check supplement for the employee. A payment summary is also printed. This lists the individual items and can be used as the basis for manual posting.

### Activities

Choose *Payroll* → *Bank Transfer* → *Print Check* and enter the required data.

**Cash Payment with Notifications**

## Cash Payment with Notifications

### Purpose

Cash payment with creation of notifications is only available in Argentina, Australia, Brazil, China, India, Indonesia, Japan, Malaysia, Mexico, the Philippines, Singapore, Thailand, and Venezuela. You can use this function to make cash payments to your employees and to other parties.

Report H99CMLI0 reads and processes the entries in the *Bank transactions* table. The following lists are created:

- A cash breakdown list with the number of coins and notes needed for the cash payment
- A list of payments
- A signature list that the employee can sign after receiving the cash payment

In the cash breakdown list, the amounts are always printed in the currency specified in the *Bank Transaction* table in the payroll result for the payment.

Using report RFFOD\_\_V notifications are created for the payment recipients.

### Prerequisites

You must have made the following settings in Customizing for *Accounting*:

- A method of payment *Cash payment* has been specified. Payment method E is included in the standard system for the majority of countries in question.
- The report RFFOD\_V (*Payment medium international - Notifications*) has been assigned to the *Cash payment* method of payment.
- A dummy house bank and the dummy house bank account *Cash office account* have been created. This house bank account is required for technical reasons. It represents the cash office. No existing bank account is behind the dummy house bank account. In the majority of countries that use the cash payment function described here, the standard Customizing for *Accounting* already contains the house bank CASH and the house bank account CASH.
- The dummy house bank *Cash office* has also been created in the bank master data (table BNKA). Since this concerns master data, no entry is contained in the standard system.

In Customizing for *Payroll* under *Define sending banks* (feature DTAKT), you have specified that payments with the payment method *Cash payment* are paid by the dummy house bank account *Cash office*.

If you make a cash payment to an employee, you must enter the payment method *Cash payment* in the *Bank details* infotype (0009). In the majority of countries that use the cash payment function with notification creation, the payment method E is used in the standard *Accounting* system. If you enter *Cash payment* as the method of payment, the amount to be paid to the employee is stored in wage type /559 *Bank transfer* (or, if you have several payment runs, in wage type /558 *Remaining payment*). In addition the system creates an entry in the Bank Transactions table (BT) in the payroll results for this wage type. This entry contains the amount paid out and the payment method *Cash Payment*.



## Cash Payment with Notifications

In some cases you can make cash payments to third parties (for example for garnishments in some countries). You enter the *Cash payment* method of payment in the infotypes in which you also want to store information on the payment recipients. To make payments to third parties, the following data must first be entered in the *Bank transactions* table for the payroll run:

- Wage type containing the amount to be paid
- *Cash payment* method of payment
- Information on the payment recipient
- Payment Amount

## Process Flow

1. Start the *pre.program DME*.



The Set Flags for Transfers parameter should be flagged during a live run of the *pre program DME* so that entries are not processed a second time. If you have several payment runs for each payroll period (qualified advance payment) you must flag the *Set flag for transfers parameter*.

The *Pre.program DME* reads the entries from the *Bank transactions* table (BT) and generates the payment data (in other words, the items to be paid). This is then stored in the database. The entries from the Bank Transactions table (BT) with the payment method *Cash payment* are also processed.

The *Pre.program DME* interprets the feature DTAKT (*Determine sender bank*). If this has been created as described in [Cash Payments with Notifications \[Page 16\]](#), the preliminary DME program uses the dummy house bank account *Cash office*.

2. Start report RFFOD\_\_V (*International payment medium - notification*).

Report RFFOD\_\_V

- reads the payment data created by the *preliminary program DME* from the database
- prints notifications for the payment recipients. You can use these notifications to inform the payment recipients of the amount that they will receive in cash at the cash office.

3. You start report H99CMLI0 (Cash breakdown list for payment based on payment method.)



In the group box *Other Data restrict the program run to Cash Payment*.

If you do not want to consider all wage types in report H99CMLI0, in the *Wage type* field, enter only the wage types that you want to include.

Since the *Pre.program DME* and cash breakdown list programs are started independently of each other, you must make sure that the selection options entered when starting report H99CMLI0 are set so that the entries selected from the *Bank transactions* table for processing, are the same entries for which notifications have been created.

The report creates the following lists:

**Cash Payment with Notifications**

- a cash breakdown list with the number of coins and notes needed for the cash payment
- A list of payments containing the payment amount
- A signature list that the employee can sign after receiving the cash payment.

## Making a Cash Payment and Printing Notifications

1. Start the *Pre. program DME*.
2. Flag the *Set flag for transfers* parameter.

This parameter should be flagged in a live run of the *Pre.program DME*. This ensures that the entries processed in the program are flagged with the date and time of the program run in the *Bank transactions* table in the payroll result.



If, as a result of advance payments, you have several payment runs for each payroll period, you must flag the *Set flag for transfers* parameter. This avoids the need to process the entries a second time if you run the program again by mistake.

3. Choose *Execute*.

The *Pre.program DME* report reads the entries from the *Bank transactions* table (BT) and generates the payment data (in other words, the items to be paid). This is then stored in the database. The entries from the table BT with the payment method *Cash payment* are also processed.

The *Pre.program DME* interprets the feature DTAKT (*Determine sender bank*). If this has been created as described in [Cash Payments with Notifications \[Page 16\]](#), the preliminary program DME uses the dummy house bank account *Cash office for the cash payments*.

4. Start report RFFOD\_\_V (*International payment medium - notification*).

Report RFFOD\_\_V

- Reads the payment data created by the *preliminary program DME* from the database
- Creates the accompanying payment medium
- Prints notifications for the payment recipients. You can use these notifications to inform the payment recipients of the amount that they will receive at the cash office.

5. Start report H99CMLI0.



Since the *Pre.program DME* and report H99CMLI0 are started independently of each other, you must make sure that the selection options entered when starting report H99CMLI0 are set so that only the entries selected from the *Bank Transactions* table from the payroll results are processed, and that these are the same entries for which notifications have been created.

6. In the *Other data* group, enter the payment method *Cash payment*.
7. If you do not want to consider all wage types in report H99CMLI0, in the *Wage type* field, enter only the wage types that you want to include.
8. Choose *Execute*.

The report creates the following lists:

- A cash breakdown list with the number of coins and notes needed in the cash payment

**Making a Cash Payment and Printing Notifications**

- A list of payments
- A signature list that the employee can sign after receiving the cash payment

## Cash Payments

### Purpose

Reports RPCMLI00 and RPCMLI09 (cash breakdown list) are used when making cash payments to employees. This function is not available in the country versions for Argentina, Brazil, Mexico and Venezuela.

The *cash breakdown list* is a complete list program and does not update any data in your system. Cash payments are not flagged as paid or processed in the payroll results. If you run the report again using the same data, the same entries are read again from the *Payment Information* table and are then processed again. The amounts on the cash breakdown list are always paid in the payroll currency.

### Prerequisites

In the *Bank Details* infotype (0009), you have entered the payment method BLANK. This means that the amount to be paid to the employee is saved in the *Cash Payment* wage type (/557) in the payroll result. No entry is made for wage type /557 in the *Bank Transactions* table (BT).

### Process Flow

You start report RPCMLI00 or RPCMLI09. The following lists are generated:

- A cash breakdown list with the number of coins and notes needed for the cash payment
- A list of payments containing the payment amount
- A signature list that the employee can sign after receiving the cash payment

**External Bank Transfers (infotype 0011)****External Bank Transfers (infotype 0011)**

You save essential information for external bank transfers in the *External Bank Transfers* infotype (0011). External bank transfers are, for example, insurance contributions for an employee's insurance fund and deductions for rent to be paid to the employee's landlord.

The standard system contains, amongst others, the following wage types:

- Subtype M770: *Deduction for rent*

**Payment Data**

Specify which wage type is to form the basis for the external bank transfer in the *Wage type* field. In conjunction with the *Wage type* you must process either the field *Amount* or the fields *Number* and *Unit*. The system checks the combination you entered. The currency is defaulted according to the company code. This can be overwritten.

You can determine the payment periods by making an entry in the fields *1st payment period* and *Interval (periods)* for the next and all subsequent periods, or by making an entry in the fields *1st payment date* and *Interval/unit* for the next and all subsequent days. Enter the payment period without the payroll year. The subsequent payment periods will be determined by adding the intervals.

**Payee**

You have two possibilities when entering payee data:

- In the field *Payee key* enter the key for a payee that has been defined in your system. The system will then determine the payee's name, address and bank details and the payment method from this key.
- If you do not make an entry in the field *Payee key*, then you have to enter the payee's name, address, bank details and payment method manually.

Do not make any additional entries for the payee or the payment method if you have entered a *Payee key*.

In the field *Purpose* you can enter a text of your choice. In the field *Priority* you can store the priority of an external bank transfer. This field is not used in the standard system.