Payroll Mexico (PY-MX)

Release 4.6C

SAP ™

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Icons

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Contents

Payroll Mexico (PY-MX)

Purpose

This component contains the functions and processes which integrate the payroll accounting for Mexico, in accordance with the current legal and functional requirements.

Functions

These functions and processes cover the following aspects.

1. Calculation of employee and employer contributions which depends on the paid wages Social Insurance [Page 56]

2. Calculation of the Income Tax [Page 80] and State Tax. [Page 91]

3. Worker commercial credits; example FONACOT and INFONAVIT. [Page 102]

Payroll master data

In this section the master data required for the payroll execution are described, in accordance with the legal requirements Furthermore, it is specified how to implement the data using the system.

Additional company information

Definition

At company, physical location or personnel area level, the data that are relevant, are those according to Mexican legal requirements.

- At Company level. Information required in order to identify the company, its principal activity and the persons who represent the company with governmental institutions.

- At Personnel Area level. General company data.

  The information required for companies in Mexico is the following:

  - RFC: Federal Contributors Register.

  - Ofic. Fed SHCP: Internal Revenue Service, identified by a number.

  - Region: Identifies the state of the Mexican Republic in which the company is located.

  - Municipality: Identifies the name of the municipality in question within the State, in which the company is located. Using the Municipality revenue, it is possible to determine the economic district to which the company has been assigned.

The additional company information can be defined using the Implementation Guide: *Personnel management → Personnel Administration → Organizational Data → Additional Company Data*.

Use

Required data for the administration of the human resources department, as well as Mexican payroll accounting.

Minimum wages per economic district

Definition

Contains the minimum wages that correspond to the economic districts of the country, identifying the districts A, B and C.

This is established using the Implementation Guide, in the section: *Payroll accounting → Payroll accounting: Mexico → Basic settings → Query minimum wages of economic districts*.

Use

Required data for the administration of the human resources department, as well as Mexican payroll accounting.

Municipalities and economic districts

Definition

Contains the allocation of all Mexican municipalities belonging to each state of the Mexican Republic and the economic district to which they correspond.

This is established using the Implementation Guide, in the section: *Personnel management → Personnel administration → Personal data → Addresses → Check the allocation of the economic districts*.

Use

Required data for the administration of the human resources department, as well as Mexican payroll accounting.

Identification documents (Infotype 0185)

National features Mexico

The infotype ID Data (0185) are used to enter the information concerning different identification categories that an employee can have.

The identification document categories constitute the subtypes of the ID Data (0185) infotype. The following document categories exist in the case of the Mexican payroll:

- Voter credentials

- Federal Contributors Register

- Driving license

- Military identity card

- Passport

- Migrational quality: Tourist

- Migrational quality: FM2

- Migrational quality: FM3

- Migrational quality: Immigrant

The configuration of the different subtypes can be found in the following route of the Implementation Guide: *Personnel management → Personnel administration → Personal data → Identification → Maintain types of identification*.

Gross

Purpose

This component, integrated in the SAP Human Resources system, allows you to determine the gross wage of an employee in accordance with the current laws and regulations, at any given moment.

Functions

Apart from the other functions, the calculation of the gross wage of the employee includes the calculation of:

- Valuation bases for hourly salary [Page 14]

- Extra hours [Page 17]

- Sunday overtime [Page 18]

- Work on free days [Page 19]

Val.bases when applying the daily work sched.

Definition

The basis of some concepts can vary, according to the daily work schedule that has been assigned to an employee This usually happens on rotating shifts, when during one week the employee works on a day shift, on a mixed shift during the next and on a night shift during the one after that; in these cases the basis per hour varies.

> For example, if an employee works a night shift (7 hours), and his daily salary is a $100.00,- the costs per hour are: $14.28. In other words, if the employee registers overtime, the basis for calculating the total amount would be $14.28 on a night shift.
>
> If the employee works a day shift (8 hours), and his daily salary is a $100.00,- the costs per hour are: $12.50. In other words, if the employee registers overtime, the basis for calculating the total amount would be $12.50 on a day shift.

Use

The valuation bases are created using the MX10 and MX13 rule, the wage types /001 and /002 are hourly bases and the wage types /003 and /004 are daily bases. The basis to be directly applied depends on the time unit of the wage type.

Using the MXHD rule the /HDT wage type is generated, which contains the hours of the daily work schedule on a day to day basis. The division of the /003 or /004 bases between the /HDT wage type is made using the MXVD rule, in order to obtain the hourly basis that corresponds to the hours worked during the day in which the time wage type to be valued is generated.

Constant valuation bases

Activities

If the same valuation basis is always applied to the time payroll concepts, and that this doesn't vary throughout the different work shifts, it will only be necessary to check that the MX13 rule obtains the desired basis, to then configure the wage type that needs to be valued with the correct basis, and the MX15 rule will then perform this valuation.

Val.double OT, days off, work on public holidays

Activities

If you wish to value concepts such as: <u>double overtime [Page 17]</u>, <u>days off [Page 19]</u> and <u>work on public holidays [Page 20]</u> in which hours have been posted for tax exemption, these concepts will have to be valued with the MXVD rule "Valuation of wage types according to the PHTD" using the 71 processing class in which the performance value corresponds to the base rate that has to be applied, this being either a basis related to the work schedule or a constant basis.

Besides configuring the 71 processing class it will also be necessary to configure the 75 processing class for the week by week hourly posting.

Overtime

Definition

For the payment of overtime, there are basically two methods that can be used:

1. Nine hours per week. With this method, only 9 hours of double-time per week are allowed, if the employee exceeds these hours, the payment will then be tripled. For double overtime the payment is 200% of the wage basis per hour, for triple overtime the payment is 300% of the same basis.

2. Three by three. Using this method, the payment for up to 3 hours of overtime per day is 200% of the wage basis per hour (double) and for the rest the payment is 300% (triple). In case there are more than three days a week with overtime, from the fourth day onwards the payment for overtime will be 300% (triple).

The analysis of overtime is done on a weekly basis.

Overtime is registered in the infotype Overtime (2005).

Use

Determine the amount to be paid according to the overtime registered during the payroll period.

Sunday premium

Use

Employees who work on a Sunday, are entitled to an additional premium of 25% on top of the standard working day or hourly wage, if, according to the work shift, this Sunday is to be considered as a working day.

Requirements

In the work shift the Sunday has to be registered as a working day.

Procedure

Automatic payment of the Sunday premium is generated by configuring the daily processing of the time data.

If the employee has worked overtime on a Sunday, you will have to retrieve these hours by using the Overtime infotype (2005).

Using the daily time processing (Schema MXCO) the retrieved records can be viewed day by day using the P2002 function. You then process the MXPR rule which, using the evaluation class, will identify the retrieval of a worked Sunday. At the same time it will be validated when the attendance corresponds to a Sunday. In this case the /HDO wage type is generated → Work on free days with the hours registered in the 2002 infotype.

Ultimately, after calling the MXCO schema, you process the MXDU rule, in which the /HDU wage type is generated (Sunday premium unit), which represents the number of Sundays the employee worked during the payroll period. Using this rule you can also compare the /HDO wage type to the daily work schedule (/HDT). If the hours worked on a Sunday should exceed those of the daily work schedule, the /HDO will be limited to the daily work schedule and the remainder will be stored in the /HEO wage type, which can be taken into account in the calculation of overtime.

Work on free days

Use

Employees who work on a free day must receive double payment.

Requirements

Work on free days needs to be registered using the infotype Attendance (2002).

If overtime is registered on a free day, this has to be registered using the Overtime infotype (2005).

Procedure

Using the daily time processing (Schema MXCO) the retrieved records can be viewed day by day using the P2002 function. You then process the MXPR rule which, using the evaluation class, will identify the retrieval of a worked Sunday. At the same time it will be validated if the attendance corresponds to a free day according to the daily work schedule. In this case the /HDE wage type is generated → Work on free days with the hours registered in the infotype Attendances (2002).

After the call to the MXCO schema, you ultimately process the MXDU rule. Using this rule you can also compare the /HDE wage type to the daily work schedule (/HDT). If the hours worked on a free day should exceed those of the daily work schedule, the /HDE will be limited to the daily work schedule and the remainder will be stored in the /HEE wage type, which can be taken into account in the calculation of overtime.

Work on public holidays

Use

Employees who work on a public holiday, must receive double payment.

Requirements

Work on public holidays needs to be registered using the infotype Attendance (2002).

If overtime is registered on a worked public holiday, this has to be registered using the Overtime infotype (2005).

Procedure

Using the daily time processing (Schema MXCO), the retrieved records can be viewed day by day using the P2002 function. You then process the MXPR rule which, using the evaluation class, identifies the retrieval of a worked public holiday. At the same time it is validated if the attendance corresponds to a day of rest according to the daily work schedule. In this case the /HDF wage type is generated → Work on public holidays with the hours registered in the infotype Attendances (2002).

After calling up the MXCO schema, you ultimately process the MXDU rule. Using this rule you can also compare the /HDF wage type to the daily work schedule (/HDT). If the hours worked on a day of rest should exceed those of the daily work schedule, the /HDF is limited to the daily work schedule and the remainder is in the /HEF wage type, which can be taken into account in the calculation of overtime.

Union dues (Infotype 0057)

Definition

In Mexico, some of the employees labor benefits can vary within the same company(for example: vacations, annual bonus, food allowance vouchers, savings, etc.). This depends on te labor union to which they belong; however, not all employees belong to a union.

Use

For the payment of union dues there is the infotype Associations (0057) subtype Sole workers Union (MX01), using this infotype you can register all the payments that the employee has to make to the union.

Within this infotype the only wage type grouped is: /M340 Union payment.

The entries of this payment can be a direct amount or a percentage, equally, the wage type can be empty. If no amount is received at all, this wage type is valued on a valuation basis, which represents 3% of the employee's salary.

For the payment of employee contributions, the following wage types were created:

- /040 Valuation basis contribution. If a percentage of the employee's salary is to be paid, his salary will be stored in this wage type.

- /140 Contributions basis. This is where the employee's salary is stored.

In order to value the payment of contributions, the following rules had to be created:

- MXC1 Contributions preparation.

- MXC2 Contributions valuation.

- MXC3 Contribution basis storage.

These rules are called up within the subschema: MXNA "Overview Net and Amount" to be paid.

Vacations

Definition

Employees who have worked for more than one year in the company, are entitled to an annual period of paid vacations, which under no circumstances can be less than 6 working days and with each consecutive year of employment, will increase by two working days, up to a maximum of twelve. Following the fourth year, the vacation period will increase by two days for each five years of subsequent employment.

This is an annual process which is generally paid on request by the personnel and/or on predetermined dates, involving either a single or two payment(s). If an employee has worked for less than one year, vacations will have to be paid proportionally to the time worked during the year.

When establishing employees rights to vacations, their seniority needs to be taken into account. This, however, is an aspect that can vary, depending on the policy of the company in question. Established by law, the minimum amount of holidays in Mexico are:

YEARS OF EMPLOYMENT	VACATION DAYS
1	6
2	8
3	10
4	12
5 - 9	14
every 5 years	2 extra days

Vacation premium

Definition

Employees are entitled to a vacation premium of no less than 25% of the wages they receive during the vacation period. There are many companies that offer extra vacation as a vacation premium, this can vary according to different groups of employees. When an employee leaves the company, he is entitled to proportional payment of vacation days and vacation premiums which are still pending.

Vacation premium payments.

- The payment period or frequency is in accordance with the labor agreement.
- Minimum of 25% of the vacation payment.

Vacation premium deductions:

- ISPT
- Mexican Institute for Social Insurance
- Maintenance payment
- INFONAVIT Credit
- FONACOT Credit

		Vacations	Vacation premium		
Employee	**Daily wage:**	**Days**	**Amount:**	**Days**	**Amount:**
A	$132.23	16	$2115.68	4	$528.92
B	$60.00	-	-	-	-
C	$73.20	10	$732.00	2.5	$183.00

Integration

This concept only provides for cash payment. Settlement is done using the infotype "Time quota payment" (0416).

Define employee seniority for vacations

Use

The employee's seniority can be checked through the registration date entered in the system, by using the recruitment action.

However, if you should want to use a different date of registration to consider another seniority, and thereby modify the vacation entitlement, you can use the infotype "Date specifications" (0041).

Procedure

To modify the seniority for vacations, the user must indicate in the Date specifications infotype (0041) as the technical registration date (01): the starting date from which he wishes to consider the employee's seniority for vacations.

Result

The Time evaluation program (RPTIME00) then considers the technical registration date from the infotype Date specifications (0041), checks the absence quota according to this date and reads the infotype Quota corrections (2013) to check if there are any additional infotypes.

For more details on absence quota settings, look in the Implementation Guide, in section: *Time Data Recording and Administration → Managing Time Accounts with Attendance/Absence Quotas → Calculating Absence Quota Entitlements → Rules for Generating Absence Quotas → Define generation rules for quota selection*.

Processing vacations

Use

If vacations are paid in days, you have to create a record in the infotype Absences (2001) subtype Paid vacations (0200). This type of absence is bound to an absence quota (2006); the employee thus needs to be entitled to vacations before the absence can be retrieved. If this is not the case, the creation of the record using the infotype Absences 2001 is not permitted.

If the employee receives payment in cash instead of in days, the settlement takes place using the infotype Time quota payment (0146) subtype Vacations settlement (1001). In this infotype there are two retrieval options:

1. Only register days and the payroll will take charge of applying the daily salary valuation basis.

2. Register days and the amount to be paid for these days.

Both the subtypes of the infotype Time quota payment (0146) and of the infotype Absences (2001) that are related to vacations, are bound to an Absence quota (2006), the use of which limits the settlement of each one of the subtypes.

Integration

Once the employee receives the vacations payment, his entitlement to vacation time is reduced. This is represented by the vacations quota in the infotype Vacations quota (2006) or in the infotype Time quota payment (0416), depending on which type of payment the employee has received.

Settlement of vacations quota

Use

Vacations payment can be performed using the report Settlement of vacations quota (HMXTVACO). You access this report from the menu: Payroll accounting *Mexico* → *Period* independent → *Evaluation* → Vacations.

This report calculates the days to be settled, performing the settlement either by using the infotype Time quota payment (0146) or Absences (2001). The payroll evaluates the days on a daily basis.

Functional features

Using this report, you calculate the days to be settled, performing the settlement by using either the infotype Time quota payment (0146) or by using the infotype Absences (2001), as the payroll will evaluate the days on a daily basis.

The type of quota to be settled must be bound either to the subtype of the infotype Time quota payment (0146) or to the type of absence that corresponds with the infotype Absences (2001) or to both, depending on the case. If this is not the case, it will be impossible to settle the desired quota.

If settlement is performed using the infotype Time quota payment (0146), you have to select the wage type which has the days of vacation entitlement or vacation premium.

Activities

There are two ways to select the quota to be settled:

Only those due: These are absence quotas that have a final validity date which is inferior when compared to the settlement date.

All: Using the infotype Absence quota (2006), these are all the employee's recorded quotas. In this case it doesn't make any difference whether the final validity and/or final settlement date are superior or inferior to the settlement date that has been requested on screen.

The settlement date has the following functions:

- Identify those quota that are already due.

- Obtain the proportion of the quota to be settled.

- Propose the initial validity date for the registration of the infotype Quota payment IT0416 or IT2001.

- Calculate the final validity date of IT2001.

Settlement types

Definition

The user has to indicate the type of quota settlement he wishes to use. There are two types of quota settlement:

- **Partial:** Using this type of settlement, you obtain the proportion of the days to be settled with regard to the validity date. This case can be applied when an employee requests his vacations before these are due. The result is that instead of being entitled to all the days that were registered in the infotype Absence quota (2006), he is only entitled to a part of these.

- **Complete:** If the quota is complete, all the days registered in the infotype Absence quota (2006) are settled, in this case it doesn't make any difference whether the validity is superior or inferior to the report's settlement date.

Procedure

This is performed using the selection parameters of the Vacations quota settlement report (HMXTVACO).

Absences and Incapacities

Definition

There are absences which are recognized by the Mexican Institute for Social Insurance (IMSS) through medical bulletins, these absences are known as incapacities and are classified into the following groups:

- Industrial accident. At the place of work or when commuting to the place of work.

- Illnesses derived from work. This is the case when the employee suffers an illness that is caused by the work environment.

- General illness. Illnesses through other causes than those of the work (environment).

- Maternity. Prenatal, postnatal or marriage.

Furthermore, there are absences which have to reported to the Mexican Institute for Social Insurance (IMSS).

Requirements

You have to establish the table settings 'Additional information for absences' (T7MX40).

Process

For Mexico the following absence subtypes were created, which are considered as incapacities for the Social Insurance:

- 1000 General illness.

- 1001 General accident.

- 2000 Industrial illness.

- 2001 Industrial accident.

- 2002 Accident when commuting to work.

- 3000 Maternity.

Absences (Infotype 2001)

National features Mexico

The Absences infotype (2001) has 5 subtypes for the Social Insurance incapacities (IMSS).

- 1000 General illness

- 1001 General accident

- 2000 Industrial illness

- 2001 Industrial accident

- 3000 Maternity

The features of the subtypes mentioned are described below:

Subtype 1000 (General illness)

Subtype 1001 (General accident)

These subtypes have the following additional fields:

- **Days credited**: This field is used if a relapse occurs, in which case the initial incapacity requires further absenses.

- **Reference number**: This is the incapacity number or bulletin number. In the incapacity report, this field is obligatory.

Subtype 2000 (Industrial illness).

Subtype 2001 (Industrial accident).

The industrial illness and Industrial accident incapacities belong to the branch of 'Occupational Hazard' [Page 77] of the Social Insurance.

In these subtypes, the field **Work capacity pct.** stands out, in which the rate percentage of the incapacity is retrieved.

Subtype 3000 (Maternity)

As additional data, this subtype has a reference number, which represents the bulletin number or incapacity number.

All subtypes that are recognized as such by the Mexican Institute for Social Insurance and all the subtypes previously mentioned, need to be set in the view Additional information on Absences (V_T7MX40). This is established using the Implementation Guide, in the section: *Payroll accounting → Payroll accounting Mexico: →* A*bsences → Additional information for absenteeism*.

This must be carried out in order to generate the relation between personnel absences and incapacities, by using the following route: *Human resources → Information* system → Report tree.

And annual calculation of the percentage of occupational hazard contribution (HMXTRTR0), which can be accessed through the following route: *Human resources → Payroll accounting →*

Absences (Infotype 2001)

*America → Mexico → Subsequent activities → Annual → Evaluations → Social insurance →
Workplace Risk.*

Incapacities subsidy

Purpose

Calculate the payment of subsidy for incapacities caused by any one of the following causes:

- Industrial accident
- Industrial illness
- General illness
- Maternity

The company is not obliged to cover the employer-employee quota except for the quota that refers to Retirement (SAR). Such absence periods are to be considered as having been contributed in view of the legal effects for the employee. During these absences, the employee has to go to the corresponding Social Insurance office in order to claim his integrated wages that correspond to the days of incapacity.

Type of incapacity	General illness.
First day of subsidy	3
% IMSS until the first day of subsidy	0.00%
% Company until the first day of subsidy	50.00%
% IMSS after the first day of subsidy	60.00%
% Company after the first day of subsidy	40.00%

In this example, an employee who is incapable of working due to general illness, receives 50% of his wages until the third day of his incapacity. From the fourth day onwards he receives 100% of his wages, of which 60% is paid by the Social Insurance and the remainder is paid by the company. The percentages of payment are established in prior agreement between the companies and the Social Insurance.

Requirements

You have to make the table settings 'Additional information for absences' (T7MX40).

Check the settings of the view 'Absences evaluation' with the following absences evaluation rules:

- 21 - Occupational hazard subsidized
- 40 - Illness not subsidized
- 41 - Illness subsidized
- 51 - Maternity subsidized

Incapacities subsidy

> For the 21 rule, Occupational hazard subsidized, there is the wage type model MI02 (Subsidy R.T. IMSS) in which the amount to be paid per occupational hazard subsidy, is stored. The user must copy the wage type MI02 and replace it with the created wage type.

Check the settings of the view Constant Evaluations (V_T510J).

Process

The number of days of wage types with Social Insurance and company subsidy are created using the function 'Function for separating days that are subsidized and those that are not' (MXNAB).

The processing class 'Subsidy for incapacities IMSS' (69) has to be assigned to the wage types that are considered as Social Insurance subsidies and company subsidies. This processing class is used in the following rules:

- MXS2 Calculation of IMSS subsidy

- MXS3 Calculation of compensation

- MXS4 Saving subsidy payrolls in RT

The wage type amounts are evaluated in the previous rules

Result

The following wage types are obtained:

Occupational hazard (industrial accident and/or illness):

/323   Days of incapacity. Industrial Accident

/318   Total days of incapacity

MI02   Subsidy R.T. IMSS

General illness.

/318   Total days of incapacity

/325   Days of incapacity General Illness Not Subsidized

/326   Days of incapacity General Illness Subsidized

MI01   Subsidy Illness. General IMSS

MI10   Company Subsidy for General Illness

Maternity.

/324   Days of incapacity. Maternity

/318   Total days of incapacity

MI03   Subsidy Maternity. Mexican Institute for Social Insurance

Net

Purpose

This component, integrated in the SAP Human Resources system, allows you to determine the net wage of the employee, in accordance with the current Mexican laws and regulations.

Functions

Among other functions, the calculation of the net wage of the employee includes:

1. The calculation of contributions to the Social Insurance [Page 56]

2. The state tax calculation [Page 79]

3. The calculation of Garnishment [Page 94]

4. The calculation of credit deductions INFONAVIT-FONACOT [Page 102]

Mexican payroll schema

Purpose

In the SAP system, payroll accounting is performed using a calculation schema, with subschemas, calculation rules, functions and operations. The payroll schema follows all the foreseen steps one by one, including the calculation of Social Insurance contributions, Taxes, calculation of retroactives for the Social Insurance and Infonavit, calculation of Infonavit and FONACOT and Maintenance payment, providing as a result the employees payroll.

The SAP system gives you the possibility of performing your employees´ payroll accounting on a weekly, a twice monthly, bimonthly or monthly basis.

When payroll accounting, those data are processed that correspond to the period selected. This is done using the schema MX00. [Page 36]

Requirements

In the system's Implementation Guide, all the necessary settings have been made for the payroll accounting's master data and specific data, including the time personnel management, Social Insurance, taxes, etc. Equally defined and set correctly are the payroll concept keys, required for the calculation, as well as the processing classes, the evaluation classes, etc.

Process

In order to obtain detailed information on the calculating process followed by this schema, please read:

Mexican payroll schema. [Page 36]

Mexican payroll schema

Definition

In order to perform the payroll accounting, the payroll program of the SAP HR system uses the Mexican payroll schema MX00.

Use

The schema contains the subschemas that process the different payroll accounting concepts with the help of functions and operations, thereby generating the payroll concept keys (wage types) required for the calculation, according to the function of the processing and evaluation classes that have been set in the system's Implementation Guide.

Structure

The MX00 schema has the following structure:

Payroll schema: Mexico

Program type: Payroll

SUBSCHEMA	FUNCTION
XIN0	Payroll initialization
MXBD	Process basic data Mexico [Page 38]
MXLR	Reading of the last payroll results [Page 39]
MXT0	Gross calculation (Times)
XLON	Loans
XTBS	Store tables before repeating
XTBL	Load the stored tables
MXAP	Reading of other payments/deductions
MXAL	Gross factoring and storing
MXFV	Prorating of savings fund and allowances
MXSI	Calculation of IMSS bases and contributions [Page 75]
MXPV	Exemptions calculation
MXTX	Tax calculation [Page 79].
MXPR	Tax preparations. Soc.
MXIN	Calculation of INFONAVIT-FONACOT deductions
MXG0	Maintenance payment.
MXNA	Overview net and amount to be paid
XDNT	Have deductions been taken?
MXR0	Retroactivity

MXNN	Net payments/deductions and transfers
MXEN	END of process

Reading basic data: Mexico

Purpose

Reading the basic data is the first step to be carried out in the payroll schema. For this the subschema MXBD is used.

Requirements

The following infotypes must have the correct data.

Process

The subschema MXBD (Basic data Mexico) processes the following functions:

The function MXSMW simulates entries in the infotype 'Actions' (0000) during the payroll, as if the employee had already terminated his affiliation with the company. This function is used in the simulation process of severance payment.

The WPBP function (Workplace Basic Pay) includes the data of the employee's job and basic pay in the WPBP internal table. The wage types of the 'Basic Pay' (0008) infotype are also stored in the IT internal table, thereby being available for the next steps of the calculating process. The WPBP function also determines if events that are to be considered separately, have arisen in the payment period, and then performs the corresponding splits.

The P0369 function reads the Social Insurance data of the infotype 'IMSS Data' (0369) [Page 59] and places them in the SI internal table. In the event that changes would have taken place in the Social Insurance wage types or in the contribution conditions, a split will occur.

The Dates function reads all the dates that are relevant to the employee.

The P0372 function reads the data related to the infotype daily integrated wages (0372) [Page 61] creating the change splits of daily integrated wages in the WPBP and IT internal tables. This function only considers valid the daily integrated wage infotype records with the highest sequential number and notification date, when calculating the contributions to Social Insurance. The system generates a warning message for those records with a higher sequential number and without notification date.

Result

The basic data generated by the infotypes pointed out previously (IT0369 and IT0372), are included in the payroll schema's corresponding tables so that they can be processed afterwards in the schemas 'Calculation of bases and contribution IMSS' (MXSI), 'Retroactivities processing for taxes' (MXPR) and 'Deductions calculation INFONAVIT-FONACOT' (MXIN).

Reading of the last payroll results

Purpose

The second step processed by the payroll schema is the import of results from the previous payroll period. For this step it uses the subschema MXLR.

Requirements

Payroll accounting must have been performed previously.

Process

The subschema MXLR imports the payroll's (wage types) concept keys that were generated and saved in the previous month, into the payroll schema of the current month in order to process them. These wage types generally refer to incapacity concepts, absences and imports in variable parts for integrated daily wage.

To do this,

> ➢ Import the last payroll results into the ORT results table.

> ➢ Transfer the relevant wage types to the LRT table in order to process them in the current payroll, using the payroll accounting rule MXS6. This rule searches for the processing class 06 in the wage types.

The wage type is then imported - or not - depending on the value of the processing class 06 that is assigned to the table of processing classes, cumulations and evaluation classes. This table is set in different points of the Implementation Guide and according to the wage type in question, carries out the assignment of wage type specifications.

The MXV2 rule reads the relevant wage types for an off-cycle process and the MXVI rule reads the wage types that are relevant for the variable part of integrated daily wage.

The possible values of the 06 processing class are:

- Do not transfer,

- Extract from the previous payroll,

- Adopt wage type from the same year.

Result

The previous wage type results are included in the current payroll.

Benefits

The benefits component contains the key concepts and processes that are required for the administration of your employees common and individual benefit plans.

Included are all the functions and settings that are required for the plans offered in the Mexican benefits component model. The registration notifications can be modified according to the cause for change, check the admissibility and cancel shares.

Mexico uses the following categories as models:

- Health [Page 44]

- Insurance [Page 47]

- Savings plans [Page 50]

- Others [Page 54]
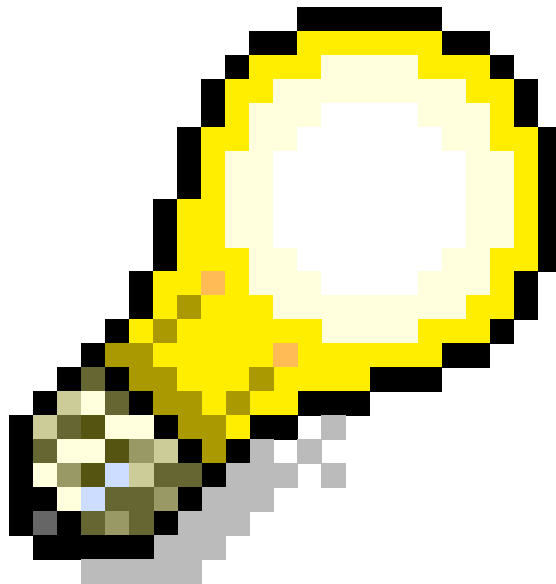
If you wish to use the benefits module, all the employees must receive the INFONAVIT plans, retirement fund and food allowance vouchers. Membership in these plans is not, however, exclusive of participation in others. Cancellation of any kind of plan at any given moment is allowed, with exception of the plans mentioned previously.

In the proportional setting of the benefits model, the only plan that provides gross cumulation is the: Savings fund. If you therefore wish to introduce another plan that cumulates the gross amount, you are required to configure the Benefits cumulation processing class (68) with the corresponding performance value.

Model subgroups

The benefits component for Mexico, provides the following model subgroups, according to the employee payroll area:

EXECUTIVES (Salaried Executives, Sales personnel), option of registering with any plan at any time.

EMPLOYEES (Employees, Retired persons), option of joining the following plans at any moment:

- Savings fund

- Health plan

- Life

WORKERS (Daily worker, Weekly worker, Pieceworker), option of joining at any moment:

- Savings fund

An employee is assigned to a subgroup is performed through the feature: Employer's contribution groups (ERCGR).

Automatic/default standard plan

The proposed model plans can be of two types:

- The automatic standard plans are those that the employee cannot cancel. These plans are independently assigned from the subgroup that the employee belongs to. These include INFONAVIT plan, Retirement fund, Food allowance voucher plan.

- The default standard plans are those the employer can cancel at any moment and those that can vary depending on the subgroup. In the proposed model there is the following configuration:

- Executives: Standard health costs plan, Life insurance plan, Savings fund plan.

- Employees: Life insurance plan, Savings fund plan.

- Workers: Savings fund plan.

Benefits plans

Within the benefits component the plans are divided into subdivisions that are based on previously mentioned categories.

In this section you include the configuration of the proposed model plans. Mexico uses the following model plans:

- Standard medical costs [Page 45]

- Dental [Page 46]

- Life insurance [Page 48]

- Life insurance II [Page 49]

- Savings fund [Page 51]

- INFONAVIT / Retirement fund [Page 53]

- Food allowances [Page 55]

Health plans

Standard medical costs

Purpose

The most common health plan is for medical costs. The cost of the plan is deducted from the net wages of the employee and if the company contributes any amount, it is not issued to the employee but, on the contrary, it is directly allocated to the proper insurance provider.

Implementation considerations

It is important to be able to identify the beneficiaries of this plan by their respective percentages. This plan consists of 3 modes, such as:

- Economy Option

- Intermediate Option

- High-level Option In this mode the cost of the plan can vary according to age

The cost of the plan depends on the amount of dependent beneficiaries in relation to the plan mode selected by the employee with a monthly valuation basis.

Integration

The integration of the health costs plan into the Human Resources module is accomplished by using the master data, and, more specifically, by using the Health plans infotype (0167)

Constraints

You do not need any documentation in order to enjoy this benefit.

Dental

Purpose

Another health plan proposed as a model is the dental plan. The cost of the plan is deducted from the net wages of the employee and, if the company contributes any amount, it is not issued to the employee but, rather, is directly allocated to the insurance provider.

Implementation considerations

It is important to be able to identify the beneficiaries of this plan and their respective percentages. This plan consists of 2 modes:

- General option
- Standard option

The cost of the plan depends on the amount of dependent beneficiaries in relation to the plan mode selected by the employee with a monthly valuation basis.

Integration

The integration of the health costs plan into the Human Resources module is accomplished by using the master data, and, more specifically, by using the Health plans infotype (0167)

Constraints

You do not need any documentation in order to enjoy this benefit.

Insurance plans

Life insurance

Purpose

The most common Insurance plan is LIFE (VIDA). With this benefit, the cost of the plan is deducted from the employee's net wages and if the company contributes any amount, it is not issued to the employee but rather, is directly allocated to the service provider.

Implementation considerations

It is important to be able to identify the beneficiaries of this plan and their respective percentages.

The insured premium (coverage) is a fixed amount, which can increase at the request of the employee, for which the cost of the plan will also increase, with a monthly valuation basis.

Integration

The integration of the health costs plan into the Human Resources module is acccomplished by using the master data, and, more specifically, by using the Health plans infotype (0168).

Constraints

No documentation is needed in order to take advantage of this benefit, and there are no constraints in terms of combinations of coverage.

Life insurance II

Purpose

Another insurance plan configured as a model is Life insurance II. In this benefit, the cost of the plan is deducted from the employee's net wages and if the company contributes any amount, it is not issued to the employee but rather, is directly allocated to the service provider.

Implementation considerations

It is important to be able to identify the beneficiaries of this plan and their respective percentages.

The insurance premium (coverage) is connected to a wages number, which can be 1 to 3 times the wages of the employee, on a monthly valuation basis.

Integration

The integration of the health costs plan into the Human Resources module is acccomplished by using the master data, and, more specifically, by using the Health plans infotype (0168)

Constraints

No documentation is needed in order to take advantage of this benefit, and there are no constraints in terms of combinations of coverage.

Savings plans

Savings fund

Purpose

The concept of the savings fund is the deduction of a periodic amount from the payments to the employee. Additionally the company normally contributes the same amount. This amount can vary depending on the employee subgroup. Both contributions are invested in only one bank account, for a certain time period known as: Investment period [Page 52], which is generally a non-calendar year. The employee does not know in what to invest his/her money, on completing the investment period the employee receives his/her total contributions and the total employee contributions and the total interest produced proportionally to the contribution.

Implementation considerations

The employee contribution is a percentage, to which the default value of 13% is assigned independent of the employee's subgroup.

The contribution by the company had assigned to it the default value of 100% of the employee contribution.

If the contributions exceed 13% of 10 minimum wages of the applicable Federal District, the surplus funds produce 100% taxes. If you wish to avoid this surplus fund, there is the function 'Limit savings fund contributions and food allowances' (MXLIM) that allows you to prorate such contributions.

If the employee is terminated, he/she is not paid the generated interest.

It is important to be able to identify the beneficiaries of this plan and their respective percentages.

Integration

The integration of the savings fund plan into the Human Resources module is acccomplished by using the master data, and, more specifically, by using the Savings plans (0169).

Functions

The Savings fund is administered by means of the subsequent reports:

Balance report for the Savings fund (HMXCSFA0).

Generated interest distribution calculation for the Savings fund (HMXCIFA0).

Payroll run calculation for the Savings fund (HMXCSFA0).

Constraints

At the beginning of each investment period the company stipulates the amount or percentage that must be contributed. This amount or percentage can vary depending on the personnel group, but once established cannot be changed until the subsequent investment period, as in such a case the contributions would not be cumulated correctly.

Investment period

Both the employee and the company must contribute to the savings fund. Both contributions are invested during a certain annual period, named **Investment period.**

Legally it is possible to terminate contributions to the savings fund at any time during the investment period, although it is not common, as the employee receives twice that of his/her contribution (company contribution) plus interest.

The investment period does not necessarily begin in January and end in December. Thus, the administration of the contribution cumulations will directly depend on the start and end of the investment period.

The most common investment periods in Mexico are:

From January to December.

From June to May next year

From August to July next year

From September to August next year

Any company can define different investment periods from the previous periods. However, the investment period defined by Mexico by default is from September to August next year.

If the same company has different investment periods at the same time, you need to maintain the subsequent tables:

- Calendar type (T54C2)

- Valid calendar types (T54C4)

- Cumulation calendar (T54C1)

- Cumulation of wage types (T54C3)

- Administration of investment period for savings fund (T7MX50)

- Cumulation period (T54C6)

Cumulations that must be maintained during the investment period

1. The savings fund contribution by the employee (BE30)

2. The savings fund contribution by the employee (BR30)

3. The interest generated from the total previous contributions (MF20)

4. The withdrawals made by the employee (MF10)

In order for the previously mentioned wage types to be cumulated, you need to maintain the processing class 30 with the performance value 'T'.

⚠ It is the responsibility of the user **NOT** to modify the specific wage types in the table for the Administration of the savings fund investment period (T7MX50), during the investment period in order to keep the cumulates constant.

INFONAVIT / Retirement fund

Purpose

For the INFONAVIT and Retirement fund the company is the only contributor to certain recognized institutions for these purposes. The accounting of these contributions is performed within the Social Insurance function, which is responsible for checking a series of Mexican tables together with other aspects that are generated during payroll accounting.

Implementation considerations

The INFONAVIT plans and Retirement fund plans do not contain the employee contribution nor should they have a company contribution, but the system does not allow the company contribution to be zero. Consequently it has 100% of the employee contribution assigned to it, which does not exist.

Integration

The integration of the INFONAVIT/Retirement fund into the Human Resources module is acccomplished by using the master data and more specifically by using the Savings plans infotype (0169).

Functions

Enter the beneficiaries of each of these plans.

Several plans

Food allowances

Purpose

In Mexico the allowances that are commonly used are food allowances. Normally the allowances are provided by the company and in special cases are paid by both the worker and company. As a result of this benefit, you need to keep control of the costs of this concept.

Implementation considerations

The forms of issuing it depends on a percentage of certain payments. The percentage assigned to the provided model is 10%, regardless of the subgroup that the employee belongs to.

If you wish to prorate or limit the food allowance contribution, you can do this using the function 'Limit saving fund and food allowances voucher contributions' (MXLIM).

Integration

The integration of the savings fund plan into the Human Resources module is acccomplished by using the master data, and, more specifically, by using the Other plans infotype (0367).

Functions

The deduction for food allowances is automatic. If the employee is a weekly employee, it is possible to determine the deduction frequency. This is done by performing the subsequent steps:

1. Define a payment model. This is done through the Implementation Guide in the following route: *Payroll accounting → Payroll accounting: Mexico → Deductions → Deduction frequency → Define payment/model deduction*.

2. Determine payment period. This is done using the Implementation Guide, in the following route: *Payroll accounting → Payroll accounting: Mexico → Deductions → Deduction frequency → Determine payment periods*.

3. Define employee groups. This is done using the Implementation Guide, in the following route: *Payroll accounting → Payroll accounting: Mexico → Deductions → Deduction frequency → Define employee groups*. (This activity is optional).

4. Assignment of deduction model. This is done using the Implementation Guide, in the following route: *Payroll accounting → Payroll accounting: Mexico → Company contributions → Assign deduction model.*

Constraints

You do not need any documentation in order to enjoy this benefit.

The food allowance vouchers are payments that can be issued to all employees depending on the company policies.

Social Insurance

The Mexican Institute for Social Insurance (IMSS) provides Mexican workers and their families with the sufficient and necessary protection when faced with such hazards as illness, disability, old-age or death. The protection extends not only to health, but also to the means of subsistence, when the illness prevents the worker from his productive activity whether temporarily or permanently.

The IMSS Statute regulates social insurance conditions for workers, and worker and employer contributions that depend on the paid wages.

The application component contains all of the functions required for the correct processing of Social Insurance legal requirements.

Master data

Purpose

In this process you describe the maintenance of the relevant master data for the calculation of Social Insurance contributions for each employee.

Requirements

In the system Implementation Guide you must have made all settings regarding Social Insurance master data, found through in the following routes:

Personnel management → Personnel administration → Payroll data → IMSS data → Define the address for each IMSS employer registration number. In this section the addresses connected with IMSS employer registration numbers for the company are registered as:

- Employer Registration Number: The employer registration number assigned by the IMSS, is unique.

- IMSS Registered Company Name: Name or trade name of company.

- Agreement: Social Insurance contributions [Page 75]

- Identification fields.

Personnel management → Personnel administration → Payroll data → IMSS data → Assign IMSS employer registration number to Personnel area/sub-area.

- Guide number: Number the IMSS assigns to the payment of contributions and modifications.

Process

The maintenance of the relevant Social Insurance master data is performed using the "IMSS Data" infotype (0369).

The maintenance of this infotype is compulsory, given that without the Social Insurance data, it is not possible to execute payroll accounting. The standard system offers this maintenance infotype as part of the personnel action on hiring.

In order to maintain this infotype, complete the fields corresponding to the 'IMSS Data' fields group of fields, in accordance with the information contained in the description of the IMSS Data infotype (0369) [Page 59]

Result

Once all the information is collected corresponding to the infotype, it is stored in the system as the base for the processing of the operations corresponding to the Social Insurance calculation.

It is compulsory for each of the employees to have the IMSS Data infotype collected (0369).

Master data

IMSS Data (Infotype 0369)

Definition

The Mexican Institute for Social insurance is responsible for regulating the functioning of social insurance in Mexico (IMSS). As such, all companies need a record with all the IMSS information on each employee where this data is related to paying the workers.

All the data required by the IMSS for each one of the employees that work at the company is registered in this infotype (0369).

⚠️

Maintaining in this infotype all the data regarding the Social Insurance of the employee is necessary in order to execute payroll accounting, . If not, you do not obtain the correct results.

Use

Using the administrative and organizational data introduced in this infotype, you inform the system of the conditions applicable to the employee regarding the calculation of Social Insurance contributions and the form they are taken into account in payroll accounting.

Structure

The 'IMSS Data' infotype (0369) consists of the following fields.

- IMSS relationship: The type of relationship the employee has with the IMSS, it defines whether the employee is subject to or exempt from any obligations with the Institute. The possible values are:

- Subject to IMSS obligations.

- Exempt from IMSS obligations.

- Subject to IMSS obligations, without registration number.

- IMSS Registration Number: Registration number assigned to employees by the IMSS, through which each can be individually identified.

- Family Medical Unit: It is the family medical unit assigned to employers in order to make use of IMSS services.

- Reduced Working Time: Working time for the IMSS. The possible values are:

- There is no reduced working time.

Working time reduced by days.

Working time reduced by hours.

- Working time: Time in hours or days for IMSS working time.

- First Entry into IMSS: This indicates if the employee is entering the IMSS for the first time.

Integration

When you save the entered data, the system checks those corresponding with the time in hours or days for the IMSS working time, when the type of reduced working time is in days or hours. These values are compared to the specified data in the <u>"Planned working time" infotype (0007)</u> <u>[Ext.]</u>

Integrated Daily Wage (Infotype 0372)

Definition

In this infotype (0372) all the updates for the integrated daily wage are stored, which can only be generated by the processes model 'Integrated daily wage' (SAPMXSDI).

> ⚠️
>
> In order to generate a record in the previously mentioned Integrated daily wage infotype (0372) generate the processes model [Page 66] This infotype is automatically maintained and cannot be modified by the user.

Use

This infotype conserves the fixed integrated daily wage and the variable integrated daily wage, contribution base wage, which are used in the calculation of bases and Social Insurance and Infonavit contributions, Infonavit credits, IMSS notifications and how to take them into account in payroll accounting.

Structure

The 'Integrated Daily Wage' infotype (0372) consists of the following groups of fields:

Infotype reg. no. This is the consecutive number that is assigned to the different records that there are for the same day.

Integrated daily wage

Daily wage: Employee daily wage amount.

Fixed integrated wage: Integrated daily wage amount with fixed elements.

Variable integrated wage: Integrated daily wage amount with variable elements.

Contribution minimum wage: Sum of fixed integrated daily wage plus the variable integrated daily wage, taking legal limits into consideration.

Type of change: Specify the type of notification that will be made for the IMSS when there is some relevant change. This could include:

- Wage change

- Starting

- Leaving

- Change in employer registration number

Currency: Currency key in which the amounts are calculated in the system.

> 💡
>
> This group of fields is maintained by means of the processes model for the integrated daily wage.

Notification

Notification date: Date when the notification is made for the IMSS.

Integrated Daily Wage (Infotype 0372)

Not. Date for starting new employer registration number. IMSS notification date for an employee's changed employer registration number. This is maintained by the IMSS notifications report, when the last employer registration number belonging to the employess is specified.

> This field group is maintained when processing <u>Social Insurance notifications [Page 68]</u>.
>
> Within this infotype it is only possible to delete the notification date when the employee starts, stops or changes his/her integrated daily wage. When the employee has a change in his/her employer registration number, there is also the notification date for starting a new employer registration number, which can also be deleted.

Family/next of kin (Infotype 0021)

National features Mexico

This infotype contains data on the family and employer relations. The additional fields for Mexico are:

Individual Registration Number (CURP)

The Individual Registration Number (CURP) is considered as the principal instrument for the identification of the country's citizens.

For further information on the field, please see: the infotype <u>Personal data (0002) [Page 82]</u>

2nd Name

Second last name or last name of mother of employee.

Additional data

In this section you can indicate if the employee or relative of the employee is: a student, economically dependent or living together with the employee.

Subtypes

The additional subtypes for Mexico:

1. Mother

2. Father

For these two subtypes the system proposes certain values both for the first last name and gender, in accordance with the subtype.

Employee name: Mónica Vázquez Muñoz

At the time of collecting this infotype with subtype '11' (Father), the system shows the first last name (Last name) Vázquez. This value is obtained from the employee name and the same occurs with the subtype '12' (mother), but on this occasion the second last name will appear with the information (2nd Name) Muñoz.

Processes

Purpose

The Social Insurance function calculates contributions.

The bases are:

- Illness and Maternity
- Disability and Life.
- Redundancy and old-age.
- Crèches.
- Retirement savings fund.

The contributions are:

CONCEPT	EMPLOYER CONTRIBUTION	EMPLOYEE CONTRIBUTION
Illness and Maternity		
1. Payments in kind	Fixed Contribution	Surplus-related contribution
2.	Surplus-related contribution	
3. Cash payments	✓	✓
4. Additional quota. Payments in kind to pensioners	✓	✓
Disability and Life.	✓	✓
Crèches.	✓	
Retirement, redundancy and old-age		
1. Retirement	✓	
2. Redundancy and Old-age.	✓	✓
Occupational Hazard	✓	

You apply wage limits to all these contributions, with the exception of Occupational risk [Page 77]

These contributions and their respective percentages can be checked using the Implementation Guide, in the section *Payroll accounting* → *Payroll: Mexico* → *Social Insurance* → *Social Insurance Contributions* → *Maintain company and employee contributions.*

Determination of Integrated Daily Wage

Use

Using the data entered in the Integrated Daily Wage infotype (0372) [Page 61] you inform the system of the conditions applicable to the employee in question when calculating the contributions and notifications which correspond to the Social Insurance administration, and how to take them into account in payroll accounting.

Requirements

You need to verify the infotype data Vacations payment (2006) [Ext.]with the subtype for the Holiday premium payment for the processed payroll period.

Check source code for the feature MXCOM using the Implementation Guide for the section: *Payroll accounting → Payroll: Mexico → Social Insurance → Incorporation of wages → Determine modifier for leave quota.*

If the start date differs from the hiring date, you need to check the information in the Date data infotype (0041) [Ext.]

Check the source code for the feature HDATE, in which the relevant date is determined for calculations. The default value is '01 - Technical start date'.

Check the variant to calculate the integrated daily wage using the route: *Human resources → Payroll accounting → America → Mexico.*

Select the 'Period-independent' button in the payroll accounting menu. Go to the menu *Evaluations → Social insurance → Calculation of integrated daily wage.* Check that the variant SAP&SDI exists

Select the 'Period-independent' button in the payroll accounting menu. Go to the menu *Evaluations → Social insurance → Calculation of integrated daily wage.* Check that the variant SAP&SDI exists. Set up the IMSS days notification interval.

When there is a change to be processed in the employer registration number for employee/s, you need to de-register the employee and assign him/her a new employer registration number.

Procedure

1. Access the processes model 'Integrated daily wage' (SAPMXSDI). This model can be accessed by means of the subsequent route: *Human resources → Payroll accounting → America → Mexico.*

    Tools → Process control → HR process Workbench.

2. Create a process:

−   Process text: Specify a text that allows the user to identify the process.

−   Proc. model: SAPMXSDI.

3. Select the processing icon or by means of the route: *Editing → Process → Start/repeat.*

4. Select processing type:

−   Immediat.: In this option you need to specify the payroll area, payroll period and range of employees for whom you must calculate the integrated daily wage, processing the evaluation.

−   Planning: You need to create a variant when you wish to plan the processes model; this can be created using the report 'Selection of personnel numbers for a payroll accounting process (PY)' (H99_SELECT_PERNR). Specify the day and time in which the process model should be executed.

5. Check the process status by means of the icon 'Refresh'. When the process has the status 'Completed successfully', it is possible to display the package spool. The package two specifies the TemSe object identifier, which must be sent to the IMSS.

It is also possible to generate the Integrated daily wage by means of the following steps:

6. Execute payroll accounting in test mode selecting the parameter 'integrated daily wage calculation'.

7. Execute the report 'IMSS notifications' (HMXCAFL0), in order to update the notification date and thus be able to generate the official formats and data medium files for the IMSS.

With both methods you generate a TEMSE file, which contains details on this calculation. You can check it and delete it if you agree with the result.

It is possible to generate a simulation for the integrated daily wage, specifying this in the selection settings: 'SDI test (no update)', as well as the previously mentioned parameters.

Result

During the calculation process for the integrated daily wage the corresponding amounts are generated for the fixed integrated daily wage, variable integrated daily wage (if it exists) and the contribution base wage in the infotype Integrated daily wage (0372). Using the processes model you also generate Social Insurance notification [Page 68]

Only the 'Integrated daily wage' (0372) infotype records will be notified with the highest sequential number.

IMSS notifications

Purpose

Generate notifications on starting, returning and modifications to the integrated daily wage for the Social Insurance administration.

Requirements

- Having made the settings for the additional company data [Page 9].

- Having made the settings for the Social Insurance master data [Page 57]. Check that the legal representative exists and is contracted in the system, with the necessary information, and also with the identifier for the Federal Contributors Register (RFC) in the Data ID infotype (185)

Procedure

START

When an employee enters the company for the first time it is necessary to perform the following steps:

1. Generate the hiring event for the employee.

2. Generate the Integrated daily wage process [Page 66].

RETURN

When the employee returns to the company after having left, you need to perform the following steps:

1. Generate the event for the return to the company

2. Generate the Integrated daily wage process [Page 66]

WAGE CHANGE FOR IMSS

There are different factors that can cause the employee's contribution base wage to change, such as:

- Wage change

- Change to organizational unit

- Increase in seniority

- Minimum wages

You need to perform the following steps in order to make the notification for the IMSS

1. Generate the Integrated daily wage process [Page 66]

When you want to generate the official and AFIL data medium formats, you need to delete the notification date from the Integrated daily wage infotype (0372), This is possible using the report 'Delete IT notification 372 (integrated daily wage)' (HMXCDNT0).

Result

During the generation process for Social Insurance notifications the following formats are obtained for IMSS starts, returns and wage changes:

- Preliminary report

- SUA official report (Data medium)

- Official IMSS-AFIL report (Data medium)

- Printed forms (Sapscript)

Data determined during calculation

During the calculation of Social Insurance contributions, the system uses data that is already stored.

This data is classified in:

- General data [Page 71], stored in internal tables

- Data corresponding to the IMSS bases [Page 72], stored in wage types

- Base days [Page 74], stored in wage types

General Data

The system uses general information stored in the following internal tables:

- Information on month change and on the Integrated daily wage. This information can already be found stored in the internal table WPBP.

- Information regarding the "IMSS Data" infotype (0369) [Page 59] This information is located stored in the Social Insurance table (MXSI), which is completed using the function P0369 from the subschema MXBD, that is in the payroll schema MX00.

Data corresponding to the IMSS bases

The data corresponding to the contribution bases for Social Insurance include:

- Gross amounts for Social Insurance [Page 73]
- Base days [Page 74]

This data is located stored in wage types, which are generated by the MXSI function.

Gross amounts for Social Insurance

In order to calculate Social Insurance calculations you use the following gross amounts:

- Daily Wage Amount (wage type/305)

- Amount of days absent (wage type /319)

- Amount of days incapacity (wage type /318)

- Amount of days Social Insurance base (wage type /31B)

- Amount of days worked in period (wage type /31D)

- Amount of days in variable integrated daily wage base (wage type /31Z)

Days contributed

Purpose

In this process you describe the necessary activities in order to determine Social Insurance contribution days.

Process

The Contribution Days consist of the days worked in the least period:

1. Incapacities: illnesses, industrial accidents, maternity. There is no limit to the days to be subtracted due to this concept.   The only exception is that these days are not subtracted in order to determine contribution days for the Retirement branch.

2. Absences: unjustified absences, leave not taken, etc.   A maximum of 14 continuous or discontinuous days. They are not subtracted in order to calculate the contribution due to Illness and Maternity.

This process is generated using the function MXSI, which is located in the subschema MXSI of the payroll schema MX00.

The wage types generated by this calculation are:

- /310 Contribution days due to illness and maternity
- /311 Contribution days disability and life
- /312 Contribution days crèches
- /313 Contribution days retirement
- /314 Contribution days redundancy and old-age
- /315 Contribution days occupational hazard
- /316 Contribution days Infonavit

Result

During the payroll accounting process the number of contribution days are determined for the Social Insurance administration. It is also possible to perform other evaluations related to Social Insurance.

Social Insurance contributions

Purpose

The Social Insurance contributions are paid partly by the employee, partly by the company It is the responsibility of the employer to deduct the appropriate amounts for this purpose from their employees in each payroll accounting and to make the monthly payment no later than the 17th day of the following month.

In this process the activities and information required to calculate Social Insurance contributions are described.

Requirements

- Check contribution types, using the Implementation Guide in the subsequent section: *Payroll accounting → Payroll accounting: Mexico → Social Insurance → Social Insurance Contributions → Display contribution types.*

- Maintain company and employee contributions, using the Implementation Guide in the section: *Payroll accounting → Payroll accounting: Mexico → Social Insurance → Social Insurance Contributions → Maintain company and employee contributions.*

- Check that the occupational hazard percentage exists using the Implementation Guide: *Payroll accounting → Payroll accounting: Mexico → Social Insurance → Workplace risk → Check IMSS workplace risk.*

- Having defined the general information on IMSS Employer Registration Numbers [Page 57]

- Perform the Integrated daily wage calculation [Page 66].

Process

The contribution can be summarized by the following formula:

Contribution   =   Contribution = Integrated Daily Wage x Contribution Days x % of Contribution

The Integrated Daily Wage is stored in the wage type /300, whereas the contribution days are stored in the wage types /310 - /316.

The percentage contributions are to be found in the table "Company and employee contributions" T7MX21, which can be maintained from the Implementation Guide: *Payroll accounting → Payroll: Mexico → Social Insurance → Social Insurance Contributions → Maintain company and employee contributions.*

The Social Insurance contribution calculation process is generated using the function MXSI, which is located in the subschema MXSI of the payroll schema MX00.

For each payroll period you must calculate the employee contribution and this must be deducted from his/her payments. Also, at the end of the month a report must be issued with monthly employer and employee contributions.   These monthly contributions are broken down into calendar days.

You must consider that for workers on the minimum wage you must not deduct the IMSS quota, but that the employer must completely cover the corresponding quotas.

Social Insurance contributions

Result

During the payroll accounting process the contribution amount is determined for the worker's Social Insurance. Later the remuneration statements are generated and the corresponding bank transfers made. It is also possible to perform other evaluations related to Social Insurance.

The wage types generated by this process are:

- /340 - /35B Breakdown of IMSS contributions

- /390   IMSS employer contribution

- /391   IMSS employee contribution

Occupational Hazard

Purpose

Occupational Hazard provides compensation for injured workers due to lost income, insuring them for health costs and at the same time avoiding accidents by offering incentives for their prevention.

Occupational hazards are those accidents and illnesses that workers are exposed to in carrying out and as a cause of work. An occupational hazard is any injury to organs or death suddenly produced during work, or as a result of work, wherever and whenever it may be. An accident which occurs on te worker's way to or from work is also an industrial accident.

In all cases, industrial illnesses are those included in the Federal Work Law.

In this process there is described the operations and data maintenance needed in order to configure the system with the required information for calculating Occupational hazard.

Until 1997 the annual Industrial illness percentage is determined according to the tables published by the IMSS for this purpose. This procedure continues to be applied only to new companies or those that change activity, but only during their first year of activity. The companies are classified and grouped in accordance with their activity.

Requirements

Having defined the general information on IMSS Employer Registration Numbers [Page 57] And additional company information [Page 9]

Check that the Occupational Hazard exists for the year to be processed using the Implementation Guide, section: *Payroll accounting → Social Insurance → Workplace risk → Check IMSS workplace risk.* If this does not exist, you must generate the annual occupational hazard annual evaluation.

Process

Starting from 1998 companies must themselves determine this percentage depending on the following formula:

% Annual OH   =   { (S / 365) + V * (I + D) } * (F / N) + M

Where:

S = Total days subsidized as a result of temporary incapacity due to occupational hazard. This value is obtained from the Absences infotype (2001).

V = Average active life of an individual who has been a victim of a fatal of permanently disabling accident (28 years)

I = Sum of percentages from permanent disabilities, partial and total, divided by 100.

D = Number of deaths per occupational hazards

F = Annual premium factor (2.9)

N = Average number of workers exposed to hazards (total contribution days in year by 365)

M = Minimum hazard premium (0,0025).

Occupational Hazard

The annual percentage calculation for occupational hazard is performed by means of the report HMXTRTR0.

The hazard factor cannot be greater than 15.00%, nor less than 0.25%. The new hazard factor will not be able to vary more than one percentage point (1%) in comparison to the factor for the previous year. This is only if the company does not change its activity.

Hazard premium for previous year	3.18550
Total days subsidized as a result of temporary incapacity due to occupational hazard (S).	111
Average active life of an individual who has been a victim of a mortal of permanently disabling accident (V)	28
Sum of percentages from permanent disabilities, partial and total, divided by 100.	0
Number of deaths per occupational hazards (D)	0
Annual premium factor (F)	2.9
Average number of workers exposed to risk (N)	135.9
Minimum hazard premium (M)	0.0025

$\{ (111 / 365) + 28 * (0 + 0) \} * (2.9 / 135.9) + 0.0025$

$\{ (0.304109589) + 28 * (0) \} * (0.02133922) + 0.0025$

$\{ 0.304109589 + 0 \} * (0.02133922) + 0.0025$

$0.00648946 + 0.0025 = 0.008989$

Given that the difference between the previous risk premium and the new premium is greater than 1.0, the new premium will be:

$3.18550 - 1.0 =$ **2.18550**

Result

Once the annual process for the calculation of occupational hazard is generated in the IMSS Occupational Hazard Table, the data that the system needs as a base to calculate the contribution due to occupational hazard, as well as the annual notification of the occupational hazard premium to be applied is stored.

Taxes

Employee payments are subject to federal and state taxes as they are considered to be earnings derived from their work relationship.

Employers (companies or individuals) can also act as withholding agents.

To specify the tax to be paid, it is necessary to first specify which earnings are considered taxable and tax exempt.

There are also other earnings, depending on certain conditions established by legislation, which can be considered as partially tax exempt.

Income Tax

Purpose

Tax on wages and salaries is the contribution established by the Income Tax Act for physical persons that obtain income through wages or salaries in return for the services resulting from a work agreement.

The company must deduct this tax from its workers for each payroll period and deposit them with the Federal Government each month and at the end of the year. In each payroll period you must specify the appropriate taxes to be deducted for each worker. There are also tax adjustments which can be processed at a point in time chosen by the company, although they are generally performed once a month and at the end of the fiscal year.

This application component contains all the required functions for processing the income tax (ISR) calculations and deductions for the Internal Revenue Service according to the requirements of current legislation.

Integration

The calculation of ISR deductions is integrated into the payroll accounting process.

Functions

This component includes the following functions:

- The maintenance of the fiscal master data [Page 81]

- The ISR calculation [Page 86]

- The corresponding evaluations and their submittal to the Internal Revenue Service

Master data

Purpose

In this process you describe the maintenance of the relevant master data for the income tax calculation for each employee.

Requirements

The required activities relevant to the master data for taxes has been performed in the Implementation Guide, section: *Payroll accounting* → *Payroll accounting: Mexico* → *Tax:*

- Income Tax
- Tax tables
- Tax table assignment to employee group/subgroup
- Exemptions
- Maintain fiscal tax subsidy
- Check payroll constants for income tax
- Wage types
- State Tax
- Maintain state tax
- Wage types

Process

You perform the maintenance of the master data relevant to taxes using the 'Deductions in other jobs' (0371).

The maintenance of this infotype is relevant only to the annual tax adjustment process. The standard SAP R/3 system offers this maintenance wage type as part of the 'Hiring' personnel action.

To maintain this infotype, fill in the appropriate fields in accordance with the information contained in the description of the 'Deductions in other jobs' (0371) [Page 83]

Result

Once the fields have been filled the infotype stores the data required by the system for the processing of operations relevant to the calculation of taxes.

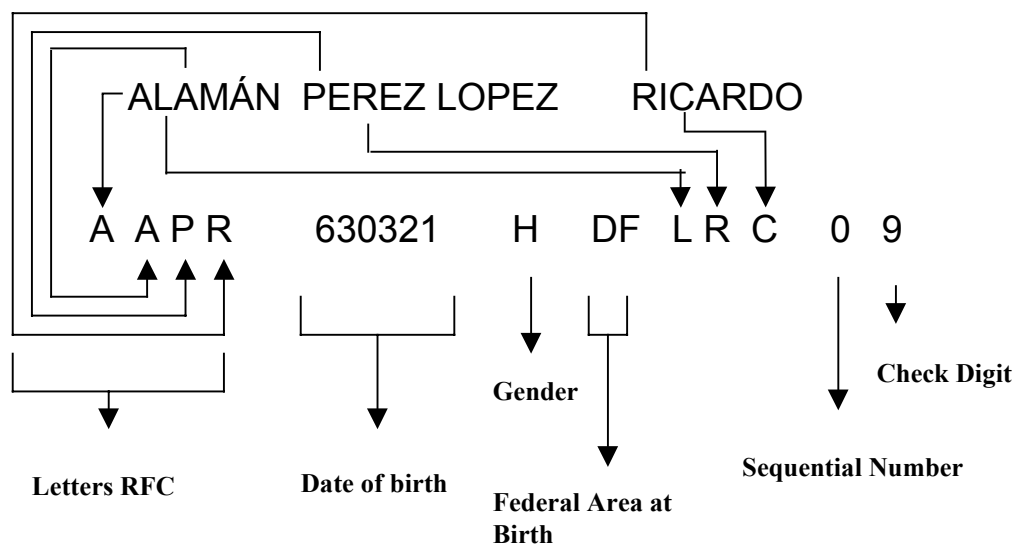# Pers.details (0002): National features Mexico

Individual Registration Number (CURP)

Due to official decree, the CURP (Individual Registration Number) is considered as the principal instrument for the identification of citizens.

> The following example illustrates the generation of the individual registration number for a man, José Ricardo Alamán Perezlópez, born on 21 March 1963, in Mexico City.

ALAMÁN PEREZ LOPEZ   RICARDO

A A P R   630321   H   DF L R C   0   9

Letters RFC   **Date of birth**   **Sequential Number**

Gender

Federal Area at Birth

Check Digit

On entering the CURP of the employee, the system checks:

1. If the CURP has been entered correctly. If this is not the case, the system issues an error message.

2. If the CURP already exists for (an)other employee(s). If this is the case, the system issues an error message.

3. If the CURP has the correct format. It is considered incomplete if the place of birth has not been entered. If this is not the case, the system issues an error message.

2nd surname

Pers.details (0002): National features Mexico

Maternal family name of the employee.

Deductions in Other Jobs (Infotype 0371)

Definition

When an employee enters the company, you can record deductions made both in previous and current jobs.

SAP recommends that deductions entered correspond to the fiscal year in progress.

Use

Information you enter into this infotype in subtype the *Deductions in previous jobs* (1), is only relevant to the annual tax adjustment process. It is especially relevant for specifying the creditable subsidy percentage you apply in the annual tax adjustment.

Structure

The subtype *Deductions in other jobs* consists of the following fields:

Declaration option

In the *Exclude annual adjustment* field, indicate if the employee has chosen to present the annual tax declaration personally. If you select this indicator, the employee is not considered in the annual adjustment process.

Previous employer data

In this group of fields, enter data that identifies the previous employer. This data is for information purposes only.

In *Company name* field, indicate the name, trade name or registered company name of the previous employer.

In *Company code* field, indicate the fiscal register code or key of the company, for example, you can retrieve the Federal Contributors Register of the company in this field.

Certified values

In this group of fields, enter the amounts generated in previous jobs. For annual tax adjustment results, SAP recommends that you enter the following wage types:

- /460   Taxed income for tax in other companies
- /461   Exempt income from tax in other companies
- /462   Calculated creditable subsidy in other companies
- /463   Calculated non-creditable subsidy in other companies
- /464   Withholding tax in other companies
- /465   Wage credit paid in cash in other companies
- /466   Compensation exempt in other companies
- /467   Compensation taxed in other companies
- /468   Last monthly salary compensation in other companies

Deductions in Other Jobs (Infotype 0371)

- /469   Tax deducted for compensation in other companies

Tax data (Infotype 0561)

Definition

According to Mexican legislation, employees may or may not be subject to the annual tax adjustment and the application of the credit subsidy. Where an employee is not subject to the annual adjustment and/or the application of the credit subsidy you must enter the corresponding indicators in this infotype.

Use

The information in this infotype is only relevant for processing the annual tax adjustment and calculating standard tax.

Structure

Annual adjustment

You indicate in the field 'Exclude from processing' whether the employee has chosen to present their annual tax declaration personally. If this indicator is selected, the employee will not be considered in the annual adjustment process.

Crediting

You indicate in the 'Don't apply subsidy and wage credit' field whether the employee will receive either the credit subsidy or the wage credit.

Income tax (ISR) calculation

Process

The ISR calculation is divided into the following processes:

Exemptions calculation

Definition

There are wage types that are partially taxable.

Article 77 of the Income Tax Act and its regulations establish the conditions that wage types must fulfill to specify tax-exempt amounts.

Using this process you specify the tax exempt amounts for each relevant wage type in accordance with the requirements of current legislation.

SAP provides the current values at any given time.

The client is not allowed to change them, but can display them using the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → Income tax → Exemptions*.

Requirements

Set the relevant tax wage types assigning to them the appropriate performance value from processing class 61.

Process

Using the personnel calculation rule MX11 you specify the relevant tax wage types. This rule generates technical wage types from the user wage types on the basis of the processing class 61 performance value.

Later, the tax calculation specifies which exemption method you must apply to each technical wage type generated in rule MX11.

You define the exemption method to be applied in the exemptions table mentioned above.

Result

The exempt amounts for each tax wage type are obtained by this process. Once the exemptions have been specified, you can obtain the tax basis.

Tax calculation

Definition

This specifies the gross employee tax deduction according to the taxable basis.

Process

Depending on the taxable base the process specifies the income level of the employee according to the tax application table.

The tax tables are published officially by the Secretary for Internal Revenue and Public Credit. You maintain this table in the system in the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → Income tax → Tax tables → Tax tables.*

Once the income level has been specified, you calculate the standard tax and additional tax.

Result

Through this process you derive the gross employee tax deduction.

Fiscal tax subsidy calculation

Definition

This specifies the subsidy applicable to the employee according to the taxable basis.

Process

Depending on the taxable base the process specifies the income level of the employee according to the subsidy application table.

The subsidy tables are published officially by the Secretary for Internal Revenue and Public Credit. This table is maintained in the system in the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → Income tax → Tax tables → Tax subsidy.*

Once the income level has been specified, you calculate the standard tax subsidy and the marginal tax subsidy.

Later, you obtain the creditable subsidy percentage in proportion to the fiscal subsidy of the company. You can maintain the fiscal subsidy proportion in the system in the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → Income tax → Maintain fiscal tax subsidy.*

During the calculation of the annual tax adjustment for an employee that has worked in more than one company during the fiscal year, the creditable subsidy percentage is calculated taking into account not only the income from the current company but also the information recorded in the Deductions in other jobs infotype (0371) [Page 83]

Applying this percentage to the gross subsidy you obtain the creditable tax subsidy and the non-creditable tax subsidy.

Result

From this process you obtain the creditable and non-creditable tax subsidies.

Wage credit calculation

Definition

This specifies the wage credit to apply to the employee according to the taxable basis.

Process

Depending on the taxable base, the process specifies the income level of the employee according to the wage credit table.

The wage credit tables are published officially by the Secretary for Internal Revenue and Public Credit. These tables are maintained in the system in the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → Income tax → Tax tables → Wage credit for taxes.*

Once the income level has been specified, you calculate the wage credit to be paid to the employee.

On subtracting the creditable tax subsidy from the gross tax, you obtain the after-subsidy tax. You subtract the wage credit from the above to obtain the net tax to deduct from the employee. Where the wage credit is greater than the after-tax subsidy, you subtract this tax from the credit to obtain the wage credit paid in cash.

If after-subsidy tax > wage credit, then:

Wage credit to be paid in cash = wage credit - after-tax subsidy.

Net tax = 0

On the other hand, if after-subsidy tax $\leq$ wage credit, then:

Wage credit to be paid in cash = 0

Net tax = after-subsidy tax > wage credit.

Result

You obtain from this process the net tax and credit to pay in cash.

State Tax

Purpose

The State Tax is compulsory for all companies in Mexico that produce monetary outputs or pay employees in their service (wages and other benefits).

The regulation of this tax is established in financial codes, as well as in the financial and administrative agreements of each state government.

The company must calculate this tax for each payroll period and deposit it with the state government each month.In each payroll period you must specify the corresponding tax for each state in which you have a work center.

The application component contains all the functions required for processing the state tax calculations and reports.

Integration

The state tax calculation is integrated into the payroll accounting process.

Functions

This component includes the following functions:

- The maintenance of the fiscal master data [Page 92]
- The state tax calculation [Ext.]
- The corresponding evaluations

Master data

Purpose

In this process you describe the maintenance of the relevant master data for the state tax calculation for each employee.

Requirements

The activities required for the tax master data have been performed in the Implementation Guide of the system, section *Payroll accounting → Payroll accounting: Mexico → Tax → State tax*.

- Maintain state tax
- Wage types

Process

You enter the maintenance of the state tax percentages using table T7MX15 'State tax'.

The state tax wage types are maintained in the Implementation Guide by way of the activity mentioned above.

Result

Maintenance of information relevant to the state tax.

State Tax calculation

Purpose

This specifies the state tax to be paid by the employee depending on the state tax basis.

Requirements

Set the work center location, that is, specify the address where the work center is located for state tax payment purposes. This location is defined in the system in Implementation Guide, section: *Personnel management → Personnel administration → Payroll data → IMSS data → Define IMSS Employer Registration Number.*

Set the state tax percentage to be paid on the basis of the financial code under which the work center is located. This percentage is maintained in the system through the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → State tax → Maintain state tax.*

Configure the wage types for forming the state tax base on the basis of cumulation 18. You perform this configuration by way of the Implementation Guide, section: *Payroll accounting → Payroll accounting: Mexico → Tax → State tax → Wage types → Form relevant wage types.*

Process

First, you must specify the state tax basis. The wage types for forming the state tax basis are processed by way of the payroll accounting process.Payroll accounting generates the gross cumulation basis for state tax (/118).

The calculation process applies the state tax percentage that corresponds to the work center to the state tax basis, obtaining in this way the state tax to be paid by the company.

Result

From this process you obtain the state tax to be paid by the company.

Garnishment

In this section you will find a description of the information and activities that you must perform to configure the system, especially for the support payment function.

Support payments are a legal requirement within the Mexican payroll.

It is a deduction applied to people under a garnishment. Through a court order the company is advised that he or she must pay maintenance to another person or beneficiary (ex-spouse or children). It is worth mentioning that an employee can have more than one support payment at the same time.

The court or judge specifies support payment cases on an individual basis. This deduction can be either a percentage of income or a set amount.

Master data

Purpose

In this process you describe the maintenance of the relevant master data for garnishment calculations.

Requirements

The required activities relevant to the master data for taxes has been performed in the Implementation Guide, section: *Payroll accounting* → *Payroll accounting: Mexico* → *Garnishment* → *Master data*

- *Order*
- *Jurisdiction*
- *Category*
- *Debt*
- *Wage types*
- *Debt*
- *Model for specifying the gross and net basis*
- *Calculation rule*
- *Default values in the infotypes*

Process

Maintenance of the master data related to the garnishment is performed through the Garnishment (0426) and Garnishment debt (0427) infotypes.

The maintenance of this infotype is relevant only for the garnishment process. The standard SAP R/3 system offers this maintenance wage type as part of the 'Hiring' personnel action.

Result

The infotype stores the data required by the system for the processing of operations relevant to the calculation of garnishments once the fields have been filled.

Garnishment (Infotype 0426)

Definition

The Garnishment (0426) infotype contains the general information data of the garnishment for support payments.

Use

You inform the system about the conditions applicable to the employee regarding the garnishment calculation and the form in which it is accounted for in the payroll accounting through the administrative and organizational data entered in this infotype.

Structure

The Garnishment debt (0427) infotype contains the following groups of fields:

Check numbers

You specify in this section the garnishment number assigned by the judge in the 'Garnishment no.' field. However, this number is not used by the system in the garnishment calculation. The system generates an order number which is displayed in the 'No.' field. Internal order, which is used in the calculation.

Order

In this section you define the features of the garnishment, such as:

- Order status. In this field you indicate the status of the garnishment process, for which there are three options:

  - Active: You activate the order to begin the deduction.

  - Inactive: You suspend the deduction of the order. It remains possible to reactivate it.

  - Released: Once you have chosen this option, you cannot reactivate the order. If you need to do so, you must register it from the beginning again.

- Category. The category indicates the garnishment type. In the specific case of Mexico, support payments, for which the category "P . Support payments" has been configured, are the most common garnishment. However, it is possible to configure other categories.

- Jurisdiction. Only one jurisdiction, FD (Federal District), is used in Mexico because support payments are processed in the same way throughout the country.

- Priority. Where there is more than one garnishment you assign a priority to each one. This allows you to identify the order in which each one of the garnishments will be processed.

  Dates

This section consists of the following fields:

- Dte Order receipt. Date on which the documentation that corresponds to the garnishment is received.

- Dte Release order. Termination date dictated by the judge for the garnishment in question.

Plaintiff

In this section you store all the data about the person receiving the maintenance benefit (beneficiary). If you wish to register more than one beneficiary, you must set up a new record with the same number.

Payment data

In this section you define the information required to process the payment to the beneficiary.

Garnishment debt (Infotype 0427)

Definition

The Garnishment debt (0427) infotype contains information related to the type of debt and indicates the form in which the employee garnishment order deduction is applied.

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It is important to point out, that this infotype is maintained, after the Garnishment (0426) infotype has been entered.

Use

You inform the system about the conditions applicable to the employee regarding the garnishment calculation and the form in which it is accounted for in the payroll accounting through the data entered in this infotype.

Structure

This infotype consists of the **Garnishment debt** group of fields, which include the following fields:

- Type of deduction: Indicate whether it is a set amount (CF) or a percentage (PO).

  Set amount (CF):

  − By Payment: The defined amount is deducted in each payment, including special payments.

  − By payment period: The payment is only deducted when dealing with a standard payroll.

  Percentage (PO):

  − Percentage of Net.

  − Percentage of Gross.

- Calculation rule: Define the method for determining the support payment deduction.

- % of deduction: When the type of deduction is a percentage, you will have to indicate a percentage in this field. Otherwise, the system generates an error message.

- Deduction of set amount: When the type of deduction is a set amount, you will have to specify the deduction amount. Otherwise, the system generates an error message.

- Un. Interval: Describe the interval and deduction unit that you are going to apply for performing the deduction.

  💡

  If you specify a percentage, you will have to indicate the unit that describes the type of percentage in order to establish the limit of the payment.

  If you specify a set amount, you will have to indicate the unit that describes the payment interval in order to establish the limit of the payment.

Processes

The garnishment calculation function defines how the wage types in the payroll accounting are treated when there are garnishments.

To do this, the system performs the following processes:

- Controlling the wage type process. In this activity you define how the wage types should be processed where there is a garnishment for an employee. First, you have to define the wage types that are used to generate the gross and net basis. Ensure that the wage types generated for the garnishment are processed correctly.

    The standard SAP R/3 version provides some wage types with values for processing classes related to garnishments.

- Check the priority of wage types. In this activity you assign a priority to all the garnishment wage types. In addition, you check how the wage type have to be processed if the net amount is insufficient for the deduction.

-

Garnishment calculation (maintenance payt)

Purpose

Obtain garnishment deduction data and perform the deductions by the appropriate periods, as well as checking the deduction process.

Requirements

To perform a payroll deduction for the garnishment there must be current data in the 'Garnishment' (0426) infotype and in the 'Garnishment' debt (0427) infotypes.

You must have performed the required configuration, both for the rules and the support payment models, in the IMG, in the following section: *Payroll accounting* → *Payroll accounting: Mexico* → *Garnishment* → *Master data*.

Process

The calculation process is started in the subschema of the support payment (MXG0), where you check whether the payroll is ordinary or special. Where it is an ordinary one you import the corresponding data from the previous period. Later, the support payment calculation function (MXGAR) is empowered to perform different processes according to the corresponding parameters.

READ.- Reads the data of the active support payments.

SETA.- Activates current support payments.

GETD.- Obtains differences to recalculate support payments.

CALC.- Performs the calculations for determining the deduction amount for support payments.

TODB.- Takes the data on debts from previous support payments.

There are 4 main rules within the support payment subschema, they are:

- MXGI: Checks the wage types in the table IT (input table) and obtains values for the support payment wage types configured with processing class 80.

- MXGR: Obtains the required wage types from the results table (RT) and obtains values for the support payment wage types configured with processing class 80.

- MXBN: Obtains the wage types for forming the gross and net bases used for calculating the deduction. The gross basis is formed with wage types configured in processing class 80 with performance value 3 (relevant for the gross with the same sign) or 4 (relevant for the gross with the opposite sign) which are cumulated in the "Support payment gross basis" technical wage type. '/G01'. The net basis is formed with wage types configured in processing class 80 with performance value 1 (relevant for the gross with the same sign) or 2 (relevant for the gross with the opposite sign) which are cumulated in the "Support payment gross basis" technical wage type. '/G00'. Both wage types (gross and net bases) are added for specifying the support payment total, the amount of which is formed in wage type 'G03'.

- Lastly, MXSV is the rule for passing the value of the wage type Support payment total 'G/00' to the Net payments/deduction '/110' wage type so that the corresponding deduction can be performed.

Result

You obtain the support payment deduction amounts and cumulate them in the user wage types, "Support payment percentage 'MG10' and Set amount support payment 'MG20'" for which the deductions are reflected in the results table (RT). Wage type '/110' performs the deduction in the payroll accounting process.

INFONAVIT and FONACOT

Infonavit and Fonacot are governmental institutions that authorize worker loans for the acquisition of housing and the purchase of furniture, clothing, etc..

The worker receives a credit which must be deducted in each payroll period; the deductions are fixed and without interest; the amount, a percentage or number of minimum wages is provided by the appropriate institutions, the payroll is only charged with performing the deductions for each item.

Master data

In this process you describe the maintenance of the relevant master data for the calculation of credits authorized by Infonavit or Fonacot.

Requirements

The required activities related to the master data for Infonavit has been performed in the Implementation Guide, section: *Personnel management → Personnel administration → Payroll data → INFONAVIT data → Assign INFONAVIT file number to personnel area/subarea.*

Do the same with the Fonacot master data, section: *Personnel management → Personnel administration → Payroll data → FONACOT data → Assign FONACOT file number to personnel area/subarea.*

Addresses (Infotype 0006)

National features Mexico

Economic Area

Economic area identification number. Economic areas represent the form in which the National Institute for Statistics, Geography and Information Technology (INEGI), groups the different municipalities throughout the country according to the legal minimum wage applicable in these municipalities.

For more information about the economic zones configured in the system, see the Implementation Guide, section: *Personnel management → Personnel administration → Personal data → Addresses → Check the assignment of economic areas.*

Type of housing

Employee housing type code, for FONACOT use only. The options available are:

1. Freehold

2. Rented

3. Hostel

INFONAVIT-FONACOT cr.(0370) STy.INFONAVIT (0001)

Definition

The INFONAVIT-FONACOT credit (0370) subtype INFONAVIT credit (0001) contains information that corresponds to the credits authorized by Infonavit.

Use

You inform the system about the conditions applicable to the employee regarding the Infonavit credit and the form in which it is accounted for in the payroll accounting through the administrative and calculation data entered in this infotype.

Structure

This infotype consists of the following groups of fields:

Credit data

The administration information for the Infonavit credit is stored in this group of fields, specifically:

- Credit no.: Is assigned by Infonavit.

- Credit amount: The original amount of the credit authorized by Infonavit is held.

Deductions

- Type of deduction: This field offers three options:

– % of deduction: Based on the Infonavit minimum wage.

– Amount: Describes set amount deduction.

– Minimum wage days: Number of minimum wages to be deducted.

- Distrib. type: Identifies the form of deduction distribution by credit item authorized by INFONAVIT or FONACOT. This field is not applied where you choose the type of deduction by percentage, because in this case the deduction is applied on the basis of IMSS contribution days.

  There are three options for performing this deduction:

a) Applying the deduction including in the fifth week. This means that there will always be a deduction applied to the employee. A result of this will be that for months with 5 weeks, the deduction will be greater than those with 4 weeks.

b) The monthly deduction established by the corresponding institution is divided into 4 weeks. Where a month has less than 5 weeks, no deduction will be performed.

c) Applying a variable deduction, that is, when a month has 4 weeks the deduction is divided by four and when it has 5 weeks it is divided by five. In this way, the deduction is not always

There is a button in the upper part of the screen named SALDO, where you can consult what remains to be done to deduct the credit, and the date in which the last deduction was performed.

INFONAVIT-FONACOT credit (0370) STy.FONACOT (0002)

Definition

The INFONAVIT-FONACOT credit (0370) subtype FONACOT credit (0002) contains information that corresponds to the credits authorized by Fonacot.

Use

You inform the system about the conditions applicable to the employee regarding the Fonacot credit and how it is accounted for in the payroll accounting through the administrative and calculation data entered in this infotype.

Structure

This infotype consists of the following groups of fields:

Credit data

The administration information for the Fonacot credit is held within this group of fields, in the following fields:

- No. FONACOT: Assigned to the employee by Fonacot.

- Credit no.: This is assigned by Fonacot. An employee may have more than two credits, in this case a consecutive number is assigned.

- Credit amount: The amount of the credit authorized by Fonacot is taken. When the credit is not a new one, the amount is taken from the balance.

Deductions

- Deduction of set amount: In this field you retrieve the amount to be deducted. Assigned by Fonacot.

- Distrib. type: Identifies the form of deduction distribution by credit item authorized by INFONAVIT or FONACOT. This field is not applied where you choose the type of deduction by percentage, because in this case the deduction is applied on the basis of IMSS contribution days.

    There are three options for performing this deduction:

a) Applying the deduction including in the fifth week. This means that there will always be a deduction applied to the employee. A result of this will be that for months with 5 weeks, the deduction will be greater than those with 4 weeks.

b) The monthly deduction established by the corresponding institution is divided into 4 weeks. Where a month has less than 5 weeks, no deduction will be performed.

c) Applying a variable deduction, that is, when a month has 4 weeks the deduction is divided by four and when it has 5 weeks it is divided by five. As a result, the deduction will not always be the same and more will be deducted for some months than others.

There is a button in the upper part of the screen named SALDO, where you can see what remains to be done to deduct the credit, and the date in which the last deduction was performed.

Processes

The INFONAVIT-FONACOT credit calculation function is divided into the following calculations:

INFONAVIT contributions

Purpose

The Infonavit contribution is paid by the company. It is the responsibility of the employer to deduct the appropriate amounts for this purpose from their employees in each payroll accounting and to make the monthly payment no later than the 17th day of the following month.

In this process the activities and information required for calculating the Infonavit contribution are described.

Requirements

- Assign the Infonavit file number by personnel area and subarea, by way of the Implementation Guide, in the following section: *Personnel management → Personnel administration → Payroll data → Infonavit data → Assign INFONAVIT file number to personnel area/subarea*.

- Check the contribution types, by way of the Implementation Guide, in the following section: *Payroll accounting → Social Insurance → Social Insurance contributions → Display contribution types*.

- Maintain the company and employee contributions, using the Implementation Guide, section: *Payroll accounting: Mexico → Social Insurance → Social Insurance contributions → Maintain company and employee contributions*.

- Have defined the IMSS Employer Registration general information.

Process

The contribution can be summarized by the following formula:

Contribution = Integrated Daily Wage x Contribution Days x % of Contribution

The Integrated Daily Wage is stored in wage type /300, the Infonavit contribution days are stored in wage type /316.

The contribution percentages are stored in the "Company and employee contributions" table T7MX21, which can be maintained from the Implementation Guide: *Payroll accounting: Mexico → Social Insurance → Social Insurance contributions → Maintain company and employee contributions*.

The Infonavit contribution calculation process is generated using the function MXSI, which is located in the subschema MXSI of the payroll schema MX00.

At the end of the month, you must issue a report with the monthly contributions of the employer and the employee. These monthly contributions are calculated with calendar days.

Result

The amount of the employer Infonavit contribution is specified during the payroll accounting process. It is possible to perform other evaluations related to Infonavit.

INFONAVIT contributions

The wage type generated in this process is:

/380 Infonavit employer contribution.

INFONAVIT credit deductions

Purpose

To obtain the deduction data for the INFONAVIT credit and to perform the deductions by period.

To check the deduction process.

Requirements

To perform a payroll deduction for an INFONAVIT credit, there must be up to date data in the INFONAVIT-FONACOT credit (0370) [Page 105] infotype. Furthermore, there must be an applicable balance so that the deduction is performed and the employee has the information on the deduction by percentage in the Integrated daily wage infotype (0372) [Page 61].

Process

You start the calculation process in the Mexican payroll schema MX00 [Page 36]. MXIN is the subschema that you use for the INFONAVIT credit deduction calculation. In this subschema you check whether the payroll is an ordinary or special one. When it is a normal one you continue with the ordinary deduction process and where it is a special one you only import data from the previous period, so that the balances and the amount paid are maintained in the results table (RT). This is performed in the MXFI rule.

For ordinary payroll accounting runs you import the relevant data to perform the deduction and maintain the balances and amount paid. Later, the INFO/FONA credit deduction calculation function (P0370) is activated for performing the appropriate calculations, taking into account whether the deduction is made as a percentage, a set amount, or Federal District minimum wages. It also considers the distribution type chosen by the user in infotype 0370.

There are two different ways of calculating the INFONAVIT credit deduction when it is a percentage:

1. The current Integrated daily wage of the employee is used as the basis.
2. The bimonthly Integrated daily wage of the employee is used as the basis.

The system offers the first option as the standard. In the second option you must change the subschema (MXIN) and place as a second parameter the letter "X" there where you call up the function (P0370). This activates the second option and the calculation will be performed using the bimonthly integrated daily wage of the employee.

After performing the deduction calculation in the appropriate period, the rule MXFG is charged with saving the wage types with the calculated amounts in the results table (RT) and adding the deduction amount to the Net payments/deductions '/110' wage type, so that the payroll accounting process performs the deduction.

Result

The INFONAVIT credit deduction amounts are obtained through and cumulated in the Net payments/deductions '110' wage type, so that the deduction is reflected in the results table (RT). Wage type '/110' performs the deduction in the payroll accounting process. It also maintains the balance and amount paid of the credit.

FONACOT credit discounts

Purpose

To obtain the deduction data for the FONACOT credit and to perform the deductions by period.

To check the deduction process for this feature of the Mexican payroll.

Requirements

To perform a payroll deduction for an FONACOT credit, there must be up-to-date data in the FONACOT -FONACOT credit (0370) [Page 106] infotype. There must also be an applicable balance for this deduction to be performed.

Process

You start the calculation process in the Mexican payroll schema MX00 [Page 36]. MXIN is the subschema that you use for the FONACOT credit deduction calculation. In this subschema you check whether the payroll is an ordinary or special one. Where it is an ordinary one, you continue with the ordinary deduction process. If it is a special payroll, only the data from the previous period is imported, so that the balances and amount paid are maintained in the results table (RT). This is performed in the rule MXFI.

For ordinary payroll accounting runs you import the relevant data to perform the deduction and maintain the balances and amount paid. Later, the INFO/FONA credit deduction calculation function (P0370) is activated for performing the appropriate calculations, taking into account the distribution type chosen by the user in infotype 0370.

The wage types used for this deduction are:

- '/382' Contr. FONACOT credit
- '/384' FONACOT credit balance
- '/386' FONACOT amount paid

After performing the deduction calculation in the appropriate period, the rule MXFG is charged with saving the wage types with the calculated amounts in the results table (RT) and adding the deduction amount to the Net payments/deductions '/110' wage type, so that the payroll accounting process performs the deduction.

Result

The FONACOT credit deduction amounts are obtained and cumulated in the Net payments/deductions '110' wage type, so that the deduction is reflected in the results table (RT). Wage type '/110' performs the deduction in the payroll accounting process. It also maintains the balance and amount paid of the credit.

Subsequent activities

Other evaluations