Welcome to this session on the SAP Country Version for Bulgaria.
In this lesson, I’ll present
- An overview of the country specifics in Financials and Human Capital Management,
- Guidance on how SAP manages legal changes for rollout, and
- Documentation paths in the SAP system.
After completing this session, you will be able to:

- Understand Bulgarian localization requirements
- Outline Bulgarian localization features for ERP (Country Version Bulgaria)
- Explain Bulgarian localization features for Financials & Human Capital Management
- Understand solution support and the rollout strategy for Bulgaria
This is what I’ve packaged for you for the next half an hour. Starting with quick facts about the Country Version for Bulgaria, this session will give you an insight into the requirements that need to be addressed by any ERP software provider in Bulgaria to enable businesses to run compliantly. I’ll cover in brief the features offered by Country Version Bulgaria in the areas of Logistics, Financials, and Human Capital Management. I’ll also touch upon the support system, and certain recommendations for those of you who are planning your first steps with the Country Version for Bulgaria.
Country Version Bulgaria

Quick Facts

So let’s start with some quick facts about Country Version Bulgaria.
Country Version Bulgaria
Quick Facts

Key Strengths
• Established add-on version since R/3 4.6C, and a trusted name among organizations.
• Provides legal compliance for business transactions.
• Development & Support: In Czech Republic & Bulgaria for Bulgaria.
• Standardized and simplified rollout strategy for legal changes.
• Large customer base, including global giants

Challenges
• Finance/Logistics (VAT, payments)
• Human Capital Management solution (payroll).
• Legal changes
  – Come unplanned
  – Effective at short notice
  – Mandatory and often mission-critical

Key Strengths:
• Country Version Bulgaria was established back in 2003 as part of R/3 Add-On 4.6C. It is maintained in all higher releases up to the latest ECC 6.0 enhancement package. So the country version is more than 7 years old, and a matured and trusted solution.
• It provides legal compliance features for various business transactions, enabling businesses to run better. In close cooperation with local SAP experts and consultants in Bulgaria, these features are developed by the highly skilled team located at Brno. This team is one of the most experienced research and development teams in the SAP Labs network throughout the world.
• Country Version Bulgaria is now operational at most of the top business corporations in Bulgaria across many industries. These include global business giants with establishments in Bulgaria.

Challenges:
There are two major localization areas:
• One is FI/LO, which mainly covers the legal reporting requirements for VAT, and provides the formats for automated domestic or foreign payment transactions.
• The other is the HCM solution: Here, the payroll part is localized to meet the requirements specific to Bulgaria.
• Another challenge is that legal changes in Bulgaria are often announced at short notice.
Now let me walk you through the Bulgarian requirements snapshot. We'll have a closer look at the complexity of Bulgarian legislation and the language requirements.
There are 3 major criteria that determine the complexity of a country version. These are:
- The legal complexity,
- The frequency of legislation, and
- The official language or languages (for countries with 1 or more official languages)

Regarding the legal complexity of the Bulgarian country version

- The complexity of finance and logistics in Bulgaria is medium. This is mainly due to country-specific standard tax rules and standard tax scenarios, such as tax reporting.
- The complexity of Human Capital Management in Bulgaria is also medium. The most important topics relate to social and pensions insurance, maternity leave, and income tax, among others.
The 2\textsuperscript{nd} criterion relates to the frequency of legal changes in Bulgaria.

\begin{itemize}
  \item The frequency of legal changes in the Financials area is medium, which means that announcements of legal changes are well distributed over the year.
  \item In the Human Capital Management area, the frequency of legal changes is medium too, which again means that most legal changes are well distributed throughout the year.
\end{itemize}
The 3rd criterion relates to the official languages that are allowed in a country. In Bulgaria there is Bulgarian, the only official language for Finance, Logistics, and Human Capital Management. In the Country Version for Bulgaria, the UIs are translated and maintained for Finance and Logistics, as well as for Human Capital Management.
Let’s have a look at the Bulgarian requirements snapshot. We’ll take a closer look at the Financials part of the Country Version for Bulgaria.
In the area of Finance, taxation is at the heart of the Country Version for Bulgaria.

- The **VAT report** is part of the Bulgarian country version for Financials, and enables the periodic listing of all purchase and sales documents. It is a mandatory report.
- The **VAT protocol** is mandatory for reporting the documents in the form required by tax authorities (NRA office).
- The **VIES report** enables you to create the VAT declaration form for Bulgaria.
- In Bulgaria there is a legal requirement to reduce the tax base with the amount of the **cash discount**.

### Legal Compliance Requirements

<table>
<thead>
<tr>
<th>VAT-Related Topics</th>
<th>The Bulgarian VAT report is mandatory for periodic reporting of purchase and sales documents.</th>
<th>The VAT protocol is mandatory for reporting the documents in the form required by tax authorities (NRA office).</th>
<th>The VIES report enables you to create the VAT declaration form for Bulgaria.</th>
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- The VAT report is part of the Bulgarian country version for Financials, and enables the periodic listing of all purchase and sales documents. It is a mandatory report.
- The VAT protocol is mandatory for reporting the documents in the form required by the Bulgarian tax authorities.
- The VAT declaration, or VIES report, creates the VAT declaration forms for the Bulgarian tax authorities.
- There is a legal requirement which states that the tax base has to be reduced by the amount of the cash discount.
### Legal Compliance Requirements

#### Financials

<table>
<thead>
<tr>
<th>VAT-Related Topics</th>
<th>Description</th>
</tr>
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<tbody>
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<td>Cash journal documents</td>
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<th>Mandatory Reports</th>
<th>Description</th>
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</thead>
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<tr>
<td>The printing of cash journal documents is mandatory in Bulgaria.</td>
<td>In Asset Management, a report is required that shows information about asset values within the tax depreciation area.</td>
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<tr>
<td>A trial balance report is required under Bulgarian law for interim and annual closing of accounting ledgers.</td>
<td>The INTRASTAT report is required under Bulgarian regulations to report goods movements between EU member states. It can be prepared in paper form, XML, or text file.</td>
</tr>
</tbody>
</table>

- Cash journal documents have to be printed, according to Bulgarian law.
- In the tax depreciation area of Asset Management, a report is required by law that provides information about asset values.
- The trial balance is required under Bulgarian law for interim and annual closing of accounting ledgers.
- Goods movements between EU member states are declared in the Intrastat report. The report can be prepared in paper form, XML, or text file.
Reporting, based on G/L accounts, for closing fiscal years is another important area of the Bulgarian country version.

- According to Bulgarian accountancy law, companies are obliged to prepare financial statement versions in the form of a balance sheet and profit & loss statement.
- Companies are obliged to submit an equity report, showing the changes in the capital structure of the company.
- In addition, Bulgarian accountancy law prescribes a cash flow report, created using either the direct or indirect method.
Let’s have another look at the Bulgarian requirements snapshot. We’ll take a closer look at the Human Capital Management area, which is also part of Country Version Bulgaria.
Payroll is an important part of Bulgarian Human Capital Management, with some local specifics.

- Employee absence is generally calculated on the basis of normative calendar principles.
- The employer has to pay a special contribution to the employee if the employee is made redundant.
- According to the Bulgarian labor code, only negative time management is allowed for a payroll run.
- In Bulgaria, the payroll is based on planned and actual working hours.
- The calculation and payment of sick leave is country-specific, and follows Bulgarian law.
Another specific area relates to Health and Pensions in Bulgarian Human Capital Management.

- Employers are obliged to register medical charts received from their employees.
- If an employee is a pensioner, but still in work, and has an ordinary labor contract, the maximum insurance basis has to be adjusted to take the pension amount into account.
According to Bulgarian law, different declarations have to be made for income tax and social insurance.

- There are specific local rules for calculating income tax, and the declaration has to be made according to the rules that apply for Bulgaria.
- Employees’ social insurance must be declared in accordance with Bulgarian law.
So that was a brief overview of the functions available with Country Version Bulgaria. Now let’s look at some softer, but significant aspects of Country Version Bulgaria.
Starting with country version Bulgaria support and rollout,

- There are a good number of informative Notes available in the SAP Notes repository, including FAQs for various functional aspects, and some Installation Guide notes too, that can be referenced. Please see the Appendix slides for the same.
- Legal changes that come unplanned during the year are rolled out smoothly via SAP Solution Notes, which can be applied directly to the customer systems.
- Additionally, legal changes are supported by special rollout procedures, such as CLC.
- SAP Service Marketplace also hosts a dedicated Bulgaria Page, with the latest updates on the Country Version for Bulgaria directly accessible to customers.
- Customers can also refer to the Financial Country Version document for Bulgaria.
Let’s have another look at the Bulgarian requirements snapshot. This time, we’ll have a quick look at the rollout process for legal changes.
SAP constantly provides legal changes to its country versions to support customers in complying with changing laws in their countries. In many cases, this information reflects legislation and regulations that have not yet been fully approved.

SAP provides a standard method for implementing legal changes in Financials, but two options for implementing legal changes in Human Capital Management:
- Support Packages are released on a monthly basis, and provide customers around the globe with the latest legal requirements and corrections. They include all updates for international functions and country versions.
- Country Legal Change Packages (CLC) represent another way of delivering legal changes in HCM; they are offered in addition to HRSPs. CLC Packages include country-specific legal changes, with one CLC Package per country. They enable customers to decide when to implement legal changes for their country versions. As such, they significantly reduce the effort required for testing, as well as the risks. This delivery process is available for the following software components: SAP-HR, EA-HR, and HR-CEE.
You can find information about the planned legal changes that will take effect in SAP ERP Financials, SAP ERP Operations, and SAP ERP Human Capital Management, in the Legal Change Report.

The Legal Change Report includes all the current legal changes. The legal change files include the following information:

A short description of the planned legal change with information about the date at which it is assumed the planned legal changes will take effect, and whether the legal change is already available.
Country Version Bulgaria
Recommendations

- Not a “do it yourself” system
- Expert knowledge of global templates required
- Upgrade to minimum Support Package level for Country Version Bulgaria
- User training

Last, but definitely not least, here are some recommendations for those of you who are new to Country Version Bulgaria.

- First and foremost, as you will probably agree, the country version for Bulgaria is not a “do it yourself” system. With the level of complexity involved, we recommend you have the most experienced local experts on board from the very beginning.
- As many global customers have observed, some expert knowledge of global templates is definitely required, to avoid any late and unwelcome surprises.
- We strongly recommend that customers upgrade to the minimum Support Package level for Country Version Bulgaria, so that they receive the relevant legal changes in future.
- Finally, user training is critical to the successful implementation of Country Version Bulgaria. I’m sure all of us will agree on this one.
Lesson Summary

You should now be able to:

- Explain Bulgarian localization requirements with regard to legal compliance,
- Provide an overview of the solution coverage for Country Version Bulgaria,
- Explain Bulgarian localization features for Financials & Human Capital Management,
- Understand the solution support and rollout strategy for Country Version Bulgaria,
- Outline the recommendations for implementing Country Version Bulgaria.

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Related Information

For more information about the topics discussed in this lesson, see the following references:
  • Literature (Implementation of Country Versions for SAP ERP systems):

For more information about the topics discussed in this lesson, see the references listed here:
  • The book “Implementation of Country Versions for SAP ERP systems” provides a general overview of the country versions maintained by SAP.
Country Version Bulgaria Appendix

Notes

Installation Queries
• Add-On Installation Queries: Note 520991
• Country Version Bulgaria: Notes 871390, 1325369
• SAP Best Practice Baseline Bulgaria: Note 1403515

Notes on Taxes and Tax Reporting
• VIES declaration: Note 1510868
• VAT report and protocol: Note 1487621
• VAT reporting: Note 1400025
• VAT Protocol Bulgaria: Note 1281026
• Cash discount sales invoice: Note 1266607

Notes on Legal Reports
• Trial Balance Bulgaria: Note 1104612
• Intrastat Bulgaria: Note 979864
Country Version Bulgaria
Appendix

Notes

Taxes and Insurance
- Income tax: Note 1552774
- Income tax & social insurance declarations: Note 1550362
- Insurance & taxes: Notes 1419399, 511968

Payroll
- Working hours: Note 1434240, 1454374
- Sick leave: Notes 1374919, 1581176, 1492864
- Labor contracts: Note 1417558
- Maternity: Note 1578103
With that, I’d like to thank you for your patience and attention during this session. You can contact us with any queries at the e-mail address given here. Thank you, and have a nice day.
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