This session will give you a high-level overview of the current localization for SAP ERP Financials and SAP ERP Human Capital Management in Belgium.
Objectives

At the end of this lesson, you will be able to:

- Discuss Belgian localization requirements
- Explain Belgian localization features in SAP ERP Financials
- Explain Belgian localization features in SAP ERP Human Capital Management
- Explain how SAP supports customers

After completing this lesson, you will be able to:

- Discuss Belgian localization requirements
- Explain Belgian localization features in SAP ERP Financials
- Explain the Belgian localization features in SAP ERP Human Capital Management
- Explain how SAP supports customers
The major issues on our agenda today are the localization solutions for Belgium.

In the “Introduction and Key Features” section, we will highlight the localization requirements for the Belgian country version. We will discuss key features and challenges, and provide some quick facts about Belgian localization.

Next, we will give an overview of the scenarios of Belgian localization in SAP ERP Financials.

We will describe the Belgian-specific aspects in master data and taxes, explain common business practices in terms of electronic payments and payments reporting, and discuss the legal aspects of other SAP components, such as Asset Accounting, materials management, and Sales and Distribution. We will also talk about the specific requirements for Belgian declarations and reporting.

Similarly, we will provide a summary of the scenarios of Belgian localization in SAP ERP Human Capital Management. We will describe the Belgian-specific aspects in master data, payroll processing, and reporting.

At the end of this session, we will show you how we support our customers in Belgium.

We explain the basic support model for legal changes and outline the rollout strategy for localization.
First, let’s look at a high-level overview of Belgian localization, including the following:

- Key features
- Challenges
- Localization complexity
Key Features:

- Country version Belgium has been part of the SAP standard since SAP ERP 3.1l, and is in a mature stage.
- Common business scenarios are covered by localized solutions, which are presented as examples in the country template.
- The Belgian localization is now operational in most of the top business corporations in Belgium. It supports customers from local economic groups to international customers. These companies and institutions come from various sectors, including banking, utilities, telecom, universities, retail, food, and so on. The customer base includes both private and public sector companies.
- The specific scenarios for local government in the public sector were added in 2007 and have been supported since then.
- Primary support is provided locally by a highly skilled SAP team and by experienced partners. There are local product managers for SAP ERP Financials and for SAP ERP HCM. These product managers can help with inquiries and direct your queries to the right people.

Challenges:

- There are two major challenges a business can face in Belgium:
- First, Belgium has a highly complex regulation framework. This applies to both the social insurance and tax calculation areas, resulting in detailed reporting. However, this also applies to other areas of legal reporting. This aspect will be further detailed on subsequent slides.
The second challenge is the irregularity of legal changes. These legal changes come on a very short notice and at irregular intervals. In some cases, they apply retroactively. This may have an impact on the business processes already in place at the customer. Often, there is only a small time frame to clarify uncertainties.
There are three major criteria that determine the complexity of a country version. These are:

- Complexity of laws
- Law frequency
- Number of official language(s)

Regarding the complexity of laws of the Belgian country version:

- Belgian legislation in finances is of medium complexity.
- Belgian legislation in human capital management is highly complex. The most important topics are in scope of social insurance, taxes, and the related processes for interactive data exchange (notifications, request, updates, and so on). For most of the functionalities, along with the general rules, there are several exception handlings and specifics that depend on activity sector, employee status, and so on.
The second criterion relates to the law frequency in Belgium.

- The law frequency in the finance/logistics area is medium, which means the legal change announcements are, in principle, well-distributed over the year.
- In the human capital management area, the appearance of legal changes is very dynamic, with retroactive validity and successive amendments.
- In the area of taxes, most changes are expected at the beginning of the year, but some changes occur irregularly throughout the year.
- Changes for social insurance have a regular quarterly frequency.
- Other changes, in areas such as garnishment, traffic reimbursement, and educational leave, do not have a fixed pattern of expected appearance.
The third criterion relates to the official languages that are allowed in a country. In Belgium, there are three official languages: Dutch, French, and German.

Of these three languages, only Dutch and French are supported in the standard SAP user interface.
The most important localization areas in financials for Belgium are the following:

- Master data
- Taxes
- Electronic payments and payments reporting
- Legal aspects in Asset Accounting (AA), materials management (MM), and Sales and Distribution (SD)
- Declarations and reporting
In customer and vendor master data, it is important to maintain the enterprise number and VAT number, as these could be necessary for specific declarations.

If a customer or vendor is relevant for the reporting of fiches 281.50 or 281.93, the following information has also to be maintained in the master data:

- Withholding tax code
- Withholding tax country
- Other related data, such as national number if enterprise and/or VAT number are not applicable
Bank master data:

- This data is used for electronic payments and manual or electronic bank statement processing.
- A Belgian bank account number (BBAN) consists of 12 numeric digits, structured as follows: 123-4567890-nn (with 123 is used as a sort code/bank key* and nn = check digits, based on modulo 97 control).
- In the definition of a house bank, we recommend using the protocol number of the bank as the first three positions of the house bank ID.
- Considering the impact of the Single Euro Payments Area (SEPA), we recommend maintaining the International Bank Account Number (IBAN) and Bank Identifier Code (BIC, also known as SWIFT code).

(*) The bank key used by SAP to identify the bank address is not used in Belgium. The reason for this is that the bank localization is already included in the account number. As the bank key is a mandatory field, we propose using the first three digits of the bank account number.
In the country-specific checks for Belgium, the following controls are active:
- Check on the correctness of a BBAN
- Check on the correctness of a Belgian VAT number (The validity of the number is not checked.)

A Belgian chart of accounts, C\(\text{ABE}\), is delivered with the Belgian country version. It can be used as a chart of accounts or as a reference when creating your own chart of accounts.

Note: If the operational chart of accounts is not Belgian, it is necessary to assign a Belgian chart of accounts as an alternative chart of accounts to the Belgian legal entity.
In the Belgian country version, some default VAT codes are delivered as examples.

The list of VAT codes in Belgium can be long because it is necessary to make several distinctions to create a proper VAT return.

- **Domestic/local purchases of:**
  - Goods
  - Services
  - Investments

- **Foreign purchases from EU countries of:**
  - Goods
  - Services

- **Foreign purchases from non-EU countries of:**
  - Goods
  - Services
The list of VAT codes in Belgium can be long. To create a proper VAT return, it is necessary to make several distinctions:

- Domestic/local sales
- Foreign sales within EU countries of:
  - Goods
  - Services
- Foreign sales within non-EU countries

In the above types of VAT codes, you also need to distinguish different VAT percentages: 0, 6, 12, or 21.

Another distinction, which is obligatory, is the distinction between invoices and credit notes. This can be realized as follows:

- Using separate codes for invoices and credit notes (most accurate, but more complex)
- Using one code for invoices and credit notes (a special procedure for cancellation of invoices is then required)
VAT codes for the following may also be needed:
- VAT with a non-deductible part
- Co-contracting VAT
- “Delayed” or “transferred” VAT (in Dutch: “Verlegging”, in French: “Report”)
Withholding tax codes in Belgium are used to identify the following:

- Real estate contractors ("entrepreneurs") without or with an invalid (outdated) registration number, to withhold 30% of a payment made to them
- Free professionals (or similar), to create fiche 281.50*
- Public Sector vendors, to create fiche 281.93*

* For these purposes, the withholding tax codes are defined with a zero percentage, as only the base amounts of invoices and credit notes are reported.
The following formats for electronic payments are supported, either via a printing program (RFFO*) or via a payment format tree (DMEE):

- Domestic credit transfers (CIRI 01)
- Foreign credit transfers (CIRI 51)
- Domestic direct debits (DOM 80)

The above local formats will become obsolete and will be replaced with the SEPA formats for credit transfers and direct debits as of February 2014.

The Belgian format of the electronic bank statement, CODA (at date of writing: version 2.3), is supported via a country-specific program.
The common depreciation method for assets is linear.

Depreciation calculation follows the *pro-rata temporis* rule or starts from the month following the month of asset’s acquisition.

For Belgium, the purchasing account handling is valid. This is the way some countries with a Latin-oriented accounting philosophy post stock movements during a permanent inventory.

The following elements are crucial during setup of the SD component:

- The definition of the form for outgoing invoice and credit note, according to the legal requirements
- The VAT output tax determination
The following VAT declarations are supported via specific reports:

- Monthly (or quarterly, in specific cases) VAT return
- Monthly (or quarterly, in specific cases) EU sales listing
- Annual sales listing

For each declaration, the corresponding XML file format is available.

Other specific reports cover the requirements for the following declarations, including the electronic data files:

- Balance of Payments, to the Belgian National Bank
- Intrastat, also to the Belgian National Bank

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- Monthly (or quarterly, in specific cases) VAT return
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Other specific reports cover the requirements for following declarations, including the electronic data files:

- Balance of Payments, to the Belgian National Bank
- Intrastat, also to the Belgian National Bank
In the scope of Belgian tax, reporting of the fiches 281.50 and 281.93 is supported.

In terms of legal reporting, the following are supported:
- Balance sheet and profit and loss statement
- Journals
Belgian Localization Areas in SAP ERP HCM

- Master data
- Payroll
- Reporting

The most important localization areas in human capital management for Belgium are the following:
- Master data
- Payroll
- Reporting
Besides the existing international master data, there are extensions for Belgium. Some infotypes (datasets) are extended within the user interface with specific additional data.

- This could be a “Reorganization Measure”, such as a career interruption, which in the context of social insurance will specify a structural absence that will result in an agreed change in the employee’s contractual “Planned Working Time” (work schedule).
- This could also be the definition the “Joint Commission Number”: the employee’s and employer’s contractual sector of activity (for example, chemistry, university, building construction, and so on). According this grouping of activity, there will be valid specific rules for the employee and employer.

Some infotypes are Belgium-specific:

- The Social Insurance dataset includes payroll and declaration steering information, such as the employee’s “Worker code” and “Employer class”. This combination of data elements will affect specific employee social insurance status and rules. The applicable element “Social Insurance reduction” and other attributes ensure legally compliant payroll processing and declarations.
- Fiscally relevant data is grouped in the Tax infotype and defines data elements about the employee’s “Marital status” and “Persons being tax dependent”. These and other elements cover the rules to compute advance taxes and declarations.
- The Garnishment infotypes distinguish between different subtypes (alimony, outstanding alimony, regular garnishment, and others) and provide input data for computation with respect to their priority.
The datasets for other Belgium-specific infotypes include “Complementary payments for pensioners”, input for “Regularization of Holiday certificates”, and information to define the “Career History in Public Sector”.

The employer is legally obliged to immediately report the starting and ending of the contractual relationship between the employer and the employee.

Depending upon the company’s business case, this reporting is supported in the Belgian localization via different scenarios to:

- Collect the reporting data
- Exchange data with administration

Via Dimona reports, this data collection can be fully automated and followed by a business-to-authorities (B2A) integrated data exchange. This integration provides support for the automated update of the declaration status on the employee level.

On the other hand, a company can choose to proceed with a manual scenario, during which the user will manually keep track of the declaration data and status.

As presented on the screen, other combinations of manual and automated processing steps can be integrated.

An employee can have two or more employments at the same time (concurrent employment). For these cases, only one “Employment declaration” must be made towards authorities. The SAP solution will prevent the employment declaration from being made twice (or more).
A Belgian report will evaluate the employee’s absences according the legal rules. For example, the Personal Calendar report will subdivide illness “Z” into days Z2, Z3, Z4, and Z5...

...and will serve in Payroll reporting to apply different valuation rules.

- A Belgian report will evaluate the employee's absences according the legal rules.
- The employee's registered absences are processed and will be split up by means of assignment of additional identifiers. This way, the absences can be split up in different parts, each complying with different legal rules.
- This evaluation takes into account very complex rules about guaranteed wages, collision of absences, relapses, primary and invalidity period, recognized partial illnesses, and so on.
- This absence splitting will become the steering data for further handling in payroll evaluation.
**Payroll**

**Belgian Payroll Schema**

- **The Belgian-specific payroll schema**: A sequential order of processing rules that contains the logic of payroll calculation. Results are stored in international and Belgian-specific cluster tables.
  - Read basic data.
  - Read payroll accounts from the payroll period last accounted.
  - Time data processing
    - Read time data.
    - Generate time wage types.
    - Valuate time wage types.
  - Import additional payments/deductions.
  - Factoring
    - Reduce basic pay.
    - Determine wage types for FI/CO.
  - Statutory payments/deductions.
  - Net payments/deductions.
  - Determine payment amount.

- **Gross processing**: The customer largely defines the first phase of processing.

- **Net processing**: The second phase involves statutory payments and deductions.

- The payroll run will be executed by means of a Belgian-specific payroll schema.
- This report consists of a sequential order of processing rules that contains the logic of the payroll calculation.
- The gross part of the schema is highly customizable according to the company's needs and rules. International and Belgian-specific functions are processed.
  - Some functions will read and process data for regular basic salary, variable time data, recurring additional payments, and so on. These computations will take into account the customer’s rules for pro rata, rules to generate and valuate overtime, and valuation rules for absences,
  - Other functions will read and process Belgian-specific gross data such as the complementary payments for early retirees, advantage of a company car, and so on.
- The net part involves the statutory payments and deductions. It consists of the commonly used computations according to the Belgian rules for social insurance, taxes, garnishment, and net deductions. These Belgian rules are applied in standard delivered functions integrated in the payroll schema.
- Data is stored in international or Belgian-specific cluster tables to be available for post-payroll reporting.
Social insurance reporting is fully supported. Data will be prepared, downloaded, and converted in XML format according to legal standards. The B2A tool handles the declaration status and keeps track of it. This is the prerequisite to enable the execution of further updates.

- Social insurance reporting is fully supported.
- Data will be prepared based on the payroll result tables.
- After the generation of the data, these tables can be downloaded and converted in XML format according to legal standards. This electronic file is ready to be transmitted to the administration.
- The B2A tool handles the declaration status and keeps track of it. This is the prerequisite to enable the execution of further updates.
- Additional reports are available to analyze the reporting data.
Tax reporting is based on an integrated solution to fulfill legal requirements.

Tax reporting is integrated in the B2A tool. This enables status handling of the interactive data exchange with authorities. Payroll data, enhanced with master data, will provide the data to complete reports for taxes. Integration of the steering tables will ensure consistency between the various tax reports. Additional reports are available to analyze the reporting data.

We can distinguish between following tax reports:

- **The monthly tax declarations — FINPROF**
  - Data will be retrieved and then converted to XML format to be downloaded for transfer to the tax administration.
  - Further feedback will define the status of the transmitted files and included forms.

- **The extended yearly tax report BELCOTAX** will include the individual notification of the employee’s yearly incomes and advance taxes.
  - Different income types—meaning different Forms 281.xx—are delivered for Belgian specifics.
  - Data can be downloaded and converted in XML format according to legal standards. This electronic file is ready for transmission via the web.
  - The system allows you to make general or selected updates upon the original BELCOTAX declaration.
Based upon the BELCOTAX data, the **PRINTOUT** of the individual forms can be realized. These printouts will be handed to the employees.
Other SAP reports cover the Belgian HCM specifics:

- Social Balance
- Educational Leave Reimbursement
- Social Risk Declaration
- Individual Account
- Pay Slip

■ Other legal reports within the Belgian localization are supported.
■ The Social Balance report: Yearly statistics and figures on the company’s employments, and hiring and leavings during the year
■ The Educational Leave Reimbursement report: Declaration of reimbursement of costs related to absences for educational leave
■ The Social Risk Declaration report: Reporting of scenarios in the area of social risks, such as unemployment, temporary unemployment, or illness allowances
■ Individual Account: With detailed yearly overview of the employee’s remunerations and withholdings, completed with the data on employee’s executed service and absence hours and days
■ Pay Slip: The summary of the employee’s payroll computation
Localization Support in Belgium

- Legal changes
- Localization procedure
- Rollout documentation
- Payroll solution models

Customer support is realized via:

- Localization solutions for legal changes to allow customers to comply with legal changes
- The localization support model
- The rollout strategy
Legal changes can be supported by various solutions.

An end-to-end solution: The complete process is fully supported with a minimum number of configurations.

A configurable solution:
  - The customer decides to extend the functional application via configurations to enhance (parts of) the process.

A framework solution:
  - This allows the customer to comply with legal requirements via the requested configuration within the framework.
SAP implementation and delivery of legal changes is based on an internal process. The customer is informed about the delivery method and date of delivery during the execution of the process.

There are two SAP teams involved in the execution of the internal process. The localization product management team from SAP Belgium & Luxembourg (SAP Belux) keeps track of the evolution of law. The globalization product management and development team from SAP AG delivers the software changes by means of Support Packages, HR Support Packages (HRSP), country legal changes (CLC), and SAP Notes.

The customer’s support organization has the important role of following up on SAP messages. The business team and the IT team are both responsible for this role.

The localization product management team from SAP Belux takes care of the communication between the customer and the globalization product management and development team. Therefore, it acts as the first point of contact.

Within the localization procedure of a legal change, there will be regular interactions with the SAPience.be HR commission and the SAPience.be Finance commission.

SAPience.be is the Belgian SAP User Group. Its mission is to bring SAP users together to share information, experiences, knowledge, and ideas. The meetings discuss additional information about delivered applications, along with a forecast of upcoming
changes and developments.
Customers are supported with rollout documentation.

This extended documentation will guide customers through the implementation steps and customizing requirements. The documentation explains, in detail, the link between functional requirements and the software solution.

This applies for bigger legal changes, including the following:

- Social Insurance reporting DmfA
- Tax reporting
- Dimona data and processes
- (Pseudo) early retirement functionalities
The Belgian market is supported by four models.

- A net pay solution:
  - End-to-end payroll in which the complete gross to net payroll process is fully done within the SAP applications
  - Payroll completed with add-in solutions from service providers

- A payroll interface solution:
  - A solution with interface to a third-party SAP system (Several “Social Secretaries” offer this solution to support the payroll processes.)
  - An interface with an existing payroll system
Lesson Summary

You should now be able to:

- Discuss Belgian localization requirements
- Explain Belgian localization features in SAP ERP Financials
- Explain Belgian localization features in SAP ERP Human Capital Management
- Explain how SAP supports customers
For more information on the topics discussed in this lesson, see the following references:

- Country information page: http://service.sap.com/localization
- Globalization Knowledge Base: http://service.sap.com/GKB
Thank You!

Contact information

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