Welcome to this session on SAP country version Canada.

This e-book will give you an overview of Canadian-specific SAP features offered in the SAP Standard country version.

It also serves to familiarize you with specific solutions that were adapted to meet the unique business and legal requirements in Canada.
At the end of the session, you will be able to:

- Explain business processes specific to Canada
- Describe Canada’s localization features for Financials and Operations, Human Management and Payroll
- Find solution support
Here is the agenda.

- First, we'll go over a few quick facts about SAP Canada and the country version for Canada.
- Next, you will be introduced to localization features available in the country version. We will touch on two main areas of localization: Financials and Operations, and Human Capital Management and Payroll.
- Finally, we will wrap up the session with information about solution support.
To kick off our session, let’s look at some quick facts about SAP Canada.
With more than 2300 employees over 4 SAP Labs located across Canada, SAP supports hundreds of customers in Canada.

For over 20 years, SAP has continuously supported international corporations and domestic companies, and has helped them run their business better in Canada.

Together with implementation partners, government authorities and customers, SAP enriches its offering in legal compliance, local best practices, and consulting services for Canada localization.

SAP also works hand in hand with Americas’ SAP Users’ Group (ASUG), the world’s largest independent SAP users’ group, to identify and implement new product ideas. SAP User Groups also provide a valuable channel through which SAP gathers product feedback and provides support for client’s business success.

There are six ASUG Chapters in Canada: British Columbia, Ontario, Ottawa, Quebec, Prairie Provinces and Atlantic Canadian. They host multiple meetings and events each year.

Map of Canada obtained from http://wwp.greenwichmeantime.com/time-zone/north-america/canada/
SAP Country Version Canada
Quick Facts

Key Strengths

- Since 1995 Canadian Localizations have become a trusted solution for customers.
- It provides basic legal compliance for business transactions.
- It is offered in both English and French.

Challenges

- Complex multi-levels taxation system administered by federal, provincial and territorial governments
- Legal requirement and law changes
  - Complex legal requirements with most legal changes for Human Capital Management and Payroll becoming effective in January and July each year
  - Interpretation of law is difficult and challenging

Moving on to the quick facts on SAP Canada Country Version..

The Canadian country version debuted in 1995 as part of the standard ERP solution offering, first with Financials and Logistics, and then with HCM and Payroll.

It provides legal compliance features at various business transactions, enabling businesses to run better. Development and support for these features is provided by highly skilled teams located in Canada, Germany, the United States, India, Ireland and Brazil.

SAP country version Canada is offered in both English and French.

The country version is operational at most of the top business corporations in Canada across many industries, including global business giants who have establishments in Canada and abroad.

SAP’s Globalization Services exists to address localization challenges faced by businesses. We have localization product managers in Canada who are dedicated to ensuring that legal requirements and law changes are updated in SAP country version Canada.

Despite complex legal requirements administered by federal, provincial and territorial governments, the frequency of legal changes for financial is stable with easy interpretation of law. In the Human Capital Management and Payroll areas, the requirements however are complex. Interpretation of legal text is difficult and challenging, and involves more than 190 regulatory requirements. Most legal changes for Human Capital Management and Payroll become effective in January and July of each year.
Next, let’s take a look at some highlights of Canadian requirements in the Financials and Operations areas.
In financial and operations, the focused areas of localization are in financial accounting, financial operations, taxes, and reporting requirements.

In Canada, the Accounting Standards Board (AcSB) is responsible in establishing accounting and reporting standards. The guidelines and accounting principles established by AcSB defines the basic of accounting principles for chart of accounts setup, chart of depreciation setup, accounts posting logic and reporting formats.

When it comes to financial operations, it is a common business practice to optimize financial operations, especially in the areas of electronic funds transfer. SAP customers normally establish payment integration with banks to make and receive payments for domestic and international financial transactions.

Value added taxes for businesses in Canada are governed by the regulations of the federal Income Tax Act (ITA) and the federal Excise Tax Act (ETA). Generally, there are two jurisdictional levels where these taxes are levied. Goods and Services Taxes (GST) are levied by the federal Government, and provincial sales taxes (PST) are levied by provincial governments. In some provinces, the federal government administers Harmonized Sales Tax (HST), which is the combination of GST and PST. Revenue Quebec administers Quebec Sales Tax (QST).

In addition to handling value added taxes, businesses in Canada are subject to ITA reporting requirements. Periodic tax returns must be filed with the federal tax authority, as well as provincial tax authorities, to ensure that the reporting requirements are met. The Canada Revenue Agency (CRA) provides businesses with various methods to file tax returns.
The Accounting Standards Board is an independent body with the authority to develop and establish accounting standards for all Canadian entities.

The board-established International Financial Reporting Standards (IFRS) are mandatory for publicly accountable enterprises and government business enterprises for annual periods starting on or after January 1, 2011. Private enterprises in Canada have the option to adopt IFRS or a set of accounting standards specific to private enterprises, namely, Accounting Standards for Private Enterprises (ASPE).

SAP country version Canada allows country specific sets-up in the system, such as local currency or a fiscal year variant to specify accounting posting periods. The country version provides flexibility in defining charts of accounts that support accounting standards defined by the Accounting Standards Board.

The country version also allows depreciation calculation for specific purposes such as book depreciation and Canadian-specific capital cost allowance for taxes.
For payment integration with banks involving electronic funds transfer, specific payment medium formats are used to communicate with banks. This ensures transactions are executed securely and reliably without any user intervention.

The automatic payment program in SAP supports the Canadian format (CPA005 file format). The program creates a payment record, and the information is directly transmitted to the bank.
When it comes to taxes, generally there are two levels where the value-added taxes are levied in Canada.

Goods and Services Taxes (GST) are levied by the Federal Government, and Provincial Sales Taxes (PST) are levied by provincial governments based on applicable provincial tax laws.

In some provinces, the federal government administers Harmonized Sales Tax (HST), which is a combination of Goods and Services Taxes (GST) and Provincial Sales Taxes (PST).

In Quebec, Revenu Québec is responsible for administering both GST/HST and QST.

Tax rates are different from province to province, and correct determination of taxes requires handling the calculation of taxes not only at the federal level, but also at the provincial levels.

SAP offers jurisdictional tax computation as a part of the country version. Jurisdiction tax computation allows you to determine recoverable and non-recoverable taxes for the various provinces, and also enables automatic postings that allow tax determination.
- In addition to handling value-added taxes, businesses in Canada are subject to Income Tax Act reporting requirements.

- Businesses are required to file periodic tax returns with the federal tax authorities, as well as relevant provincial tax authorities.

- SAP offers 'Prepare Tax Report' which details all transactions for both output and input taxes for a particular reporting period.
Now we will walk through the Canadian requirements for Human Capital Management and Payroll. We will look at taxation structure, which is the basis for business taxation compliance rules that are supported by country version Canada.
In HCM and Payroll, the focused areas of localization are in HCM, Payroll Operations, Taxes and Legislative reporting.

Canada Revenue Agency (CRA) provides businesses with various options to file tax returns. Tax reporting format specifications such as XML formats are also made available by CRA to allow eligible tax registrants to file the tax report electronically over the internet.

Working closely with the federal and provincial governments enables SAP to roll in and roll out legal change requirements in time, and to ensure SAP best practices can be applied by the customers.
Federally regulated employment equity can be captured in the system either through traditional data input screens, or through Employee Self-Service. That data is then provided to the government through standard SAP reports, thereby meeting federally regulated reporting requirements.

In Benefits Administration, Canadian functionality includes both pretax and post-tax deductions.
SAP functionality for Canadian payroll operations is very robust.

In addition to the standard payroll functionality - such as unlimited earnings and deductions, automatic retroactive processing, fully protected customization, and so on, SAP offers much functionality tailored to the Canadian marketplace.

Yearend workbench processing allows for the creation of employee yearend tax-slips such as T4, T4A, T4A-NR, RL-1 and RL-2. These forms can be generated on government provided forms or on SAP designed tax slips. The yearend workbench is fully enabled to transmit electronic statements to government for original, amended and deleted slips. In addition, employees can view their tax slips through Employee Self Service (ESS).

Concurrent Employment represents the ability for an employee to hold multiple, concurrent positions for which the labor rules (overtime calculations, rate of pay, hours of work, etc.) are different. The employee is treated as a single entity however for government purposes such as tax calculations, reporting, etc. Canadian specific functionality for Concurrent employment includes tax calculations, yearend reporting, payroll operations reports.

Off-cycle payroll calculations are a fundamental part of the SAP Payroll solution. Canadian specific functionality includes the appropriate handling of taxation (lump sum, cross year, etc.) as well as the ESS access to the results.

The Canadian payroll solution also supports the transmission of direct deposit to banks through the use of a delivered Canadian Payments Association format 005 compliant interface.
SAP payroll for Canada handles the calculation of payroll income taxes directly within the SAP solution. This includes federal, provincial and territorial taxes. In addition to the income tax calculations, Canada Pension Plan, Quebec Pension Plan and Employment Insurance calculations are a standard functionality within the delivered system.

SAP’s Employee Administration allows you to store data required by the tax calculation. This includes many data elements such as TD1 claims, optional additional taxes, exemptions, provincial designation for taxation, residence, WCB, health tax, and more.
Employee year-end tax slips can be produced on paper (either government pre-printed forms or government-approved SAP facsimiles) and can be transmitted electronically through government-approved interfaces. Electronic transmission of tax slips is available for original, amended, and cancelled slips.

In addition to the storage of employment equity data (through traditional HCM administrative screens or through Employee Self-Service), the SAP system is delivered with the functionality to extract the Employment Equity data as prescribed by Service Canada. This data is then uploaded to Service Canada’s Web site, satisfying the annual requirement for legislated reporting.

The Statistics Canada Business Payroll Survey report is a standard function of the SAP system.

SAP supports the creation of paper and electronic records of employment (ROE). This includes the automated creation of original, amended and cancelled slips. The ROEs are triggered automatically, based on customer-designated absence codes or specified employee master data events such as terminations or leaves of absence.
Solution Support

- That was a brief overview of the localization functions offered by country version Canada.
- Now let’s look at solution support.
There are a number of informative notes available at SAP Notes repository, which includes FAQs for various functionality points and some installation guidance notes.

Legal Changes are rolled out via SAP Solution Notes, which can be applied directly to customer systems.

sap.com also hosts a dedicated Canada page having the latest updates on country version Canada. Customers can access sap.com.
You should now be able to:

- Explain business processes specific to Canada
- Describe Canada’s localization features for Financials and Operations, Human Capital Management, and Payroll
- Find solution support
Related Information

For more information on the topics discussed in this e-book, see the following references:

- Literature (Implementation of Country Versions for SAP ERP Systems):

- For more information on the topics discussed in this lesson, see the references listed here.
Thank you.

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