1. Quick Facts

1.1. Key Strengths

• Local version for Italy is stable and affordable. It is included in SAP standard solution since many years.
• Broad coverage of all the main business processes
• Complete offer for cloud and on premise or even mixed approach
• Adopted by the most important and big Italian companies and by many international companies for Italian subsidiaries
• Italian local team fully dedicated to monitor, maintain and keep aligned to the legal changes the Italian local version
• Support legal compliance for business transactions
• Standard and simplified roll-in strategy for Legal Changes
• Large customer base private and public

1.2. Challenges

• High complex regulatory framework
• Short-term legislative reform. Frequency of legal changes dynamic over the year
• Legal changes:
  ○ Come unplanned
  ○ Applicable on short notice
  ○ Mandatory
• Frequency of the legal changes are high and dynamic

1.3. Legal Compliance

<table>
<thead>
<tr>
<th></th>
<th>FI / Logistics</th>
<th>Human Capital Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Complexity Ranking</td>
<td>High Complexity</td>
<td>High Complexity</td>
</tr>
<tr>
<td>Frequency of Legal Changes</td>
<td>Dynamic, over the year</td>
<td>Dynamic, mostly at year beginning</td>
</tr>
<tr>
<td>Official Local Language</td>
<td>Italian</td>
<td>Italian</td>
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</tbody>
</table>
1.4. Language

- All core modules are translated
- Compatibility with other SAP standard languages
- Standard language translation procedure
- For printing or tax control logon in Italian is necessary

2. Recommendations and General Information

- Not a “Do it yourself” System
- Expert knowledge required on global templates
- Supports legal compliance for business transactions
- A good knowledge of the Italian legal requirements is very helpful during the implementation phases, especially for HCM administrative tasks
- User training

3. Supported Legal Requirements

3.1. Cross-Function Requirements

We offer two important solution which go along the SAP solutions, being considered cross-functions, and they are the Official Document Numbering and Electronic Invoice.

More details in the presentation Local Version 2019.pptx Slides 7 – 8

3.2. Financial Accounting (FI)

Most of the Italian legal requirements are in the Financial Area, which covers:

- Document Journal
- General Ledger Accounting
- Taxes
- Asset Accounting
- Bank Accounting
- Foreign Currency Revaluation
- Miscellaneous

More details in the presentation Local Version 2019.pptx Slides 9 - 20

3.3. Sales and Distribution (SD)

The Sales and Distribution module covers:

- Intrastat declaration
- Tax Licenses Number Check
3.4. Material Management (MM)

Turning now to Material Management in the Italian Local Version, following features are available:

- Warehouse Valuation:
- Warehouse Journal
- Delivery Note (Bolla di Accompagnamento):
- Transport Sheet (Scheda di Transporto)

More details in the presentation Local Version 2019.pptx Slides 21 – 23

3.5. Flexible Real Estate Management

Flexible Real Estate Management has also features enabled to be used in Italy.

It covers tax calculation and tax reporting requirements.

The functions support three different types of tax:

- City Tax
- Registration Tax for contracts – the so called Imposta di Registro
- Stamp tax for documents without VAT – namely Imposta di Bollo

More details in the presentation Local Version 2019.pptx Slides 28

4. Human Capital Management Requirements and Payroll for Italy

4.1. Master Data

- The Italian localization has a dedicated master data with all the main specific fields for HR administrative tasks.

Many specific info-types, in addition to the ones valid for all the countries exist for this aim in the Italian localization:

- Social security data and relevant contributions ......................... Info-type 0154
- Additional Administrative data ............................................... Info-type 0155
- Tax situation and tax deductions ............................................ Info-type 0156
- Additional administration data .............................................. Info-type 0157
- 4.2. Payroll

Dedicated solution for Italian market with complete and detailed customizing for managing all the main Italian collective labor agreements.

Here is the list of all the main HR processes that are localized for payroll run:

- Full retroactive calculation specifically dedicated for Italy (calcolo retroattivo automatico)
- Calculation of gross salary
- Management of the seniority-linked salary increases (scatti di anzianità)
- Management of time events as deferred (“mese differito”) and current month
- Creation of valuation basis and valuation of time wage types
- Full management of absences indemnified by SI body “assenze protette INPS”)
- Special treatments of absences for collective agreements (“gestione del comporto”)
- Management of social safety nets: CIG (standard, extraordinary), solidarity agreements, ASO for credit sector
- Social Insurance area: (INPS, INAIL and other minor bodies contributions)
- Taxation area: IRPEF and deductions, regional and municipal tax, substitute tax of 10%, TFR tax, distinct and separate tax
- Management of trade unions (Sindacati)
- Allowances for future payments (accantonamenti contabili)
- Family allowances management (ANF: Assegno Nucleo Familiare)
• Severance pay (TFR) management (calculation, advance and final payment, taxation)

• Supplementary pension funds management (fondi integrativi pensionistici)

• Final balance calculation for employees leaving the company and for the end of financial year for: taxes, deductions from taxes, SI contributions

• management of data coming from previous employers and external sources relevant for final balance and legal declarations

• late balance within the first two months of the next year (“Post-conguaglio“)

• Management of final tax balance (liquidazione e rateizzazione modello 730-4)

• Extra monthly payments

• Public sector area: SI contributions (ex-INPDAP management in UniEMENS)

4.3. Reporting

All the main declarations, forms, files and post-payroll reports that must be provided by the employer to the authorities and to their employees are available.

Here is the list of the main ones:

• **UniEMENS individuale**: monthly declaration sent to SI body (INPS) containing all the SI data relevant to that month.

  It is a complete solution composed by several reports to manage and check the relevant process from the payroll wage types until the delivery and the storage of the final XML file sent to INPS. An automatic process can also create adjustments (“UniEMENS rettificativi”) for managing retroactive payroll calculations for past months

• **CU (“Certificazione Unica”)**. It is a complete solution composed by several reports that cover:
  
  ○ all the steps of this process: data extraction, data checks, data storage.
  
  ○ All the required outputs:
    
    ■ printed forms: **CU Sintetica** used to notify to the employees and **CU Ordinaria**
    
    ■ e-file sent to the Italian tax agency (Agenzia delle Entrate) and containing all the data of CU Ordinaria, that will be used as initial input for the tax form 730 which will be provided on-line to all Italian tax-payers

  ○ the same above outputs are also available for garnishments or similar fees paid by the employer on behalf of their employees that must be reported in a different section of CU (Certification of other incomes)

  ○ management of the file sent by the Italian tax agency as receipt of the file provided by the employer

  ○ management of the relevant correction process if the individual CU must be sent again because of an error notified with the file of the receipts sent by the Italian tax agency

• **F24** standard payment process. F24 is used every month by the employer acting as withholding agent to pay the taxes and the SI contributions. The data are extracted from the payroll results and then organized in files for creating standard interface file defined by banks
(CBI standard) or standard interface file defined by public bodies (Entratel). The process covers the management of data directly coming from HR area.

- **730/4 payment process.** The SAP solution provides the following steps:
  - Processing and loading of the external files 730/4 received by the Italian tax agency by means of a dedicated report. Any 730/4 received will be saved in the relevant employee master data in the dedicated info-type 0483.
  - Management of the payment of each 730/4 registered in the relevant info-type 0483 during the payroll run. All kinds of 730/4 are managed as well as for installments, interests and insufficient net salary (“incapienza”)
  - Detection and processing of the refusal (“dinieghi”), if any exists. This process can manage 730/4 received because of an error and prepare the file to be sent back to the Italian tax agency
  - Savings of all the necessary data for reporting in the relevant sections of CU (“Certificazione Unica”)

- **INAIL yearly declaration (“Autoliquidazione”).** The standard SAP process supports the preparation, the control and the sending of the recap of all the data which support the payment of the INAIL contributions every year (generally on the half of February). The final step is the generation of the e-file to send the 1031 form to INAIL.

- **Libro Unico del Lavoro (LUL).** This solution handles the process to extract all the required data and put them into the form defined by the company. An authorized form (approved by INAIL) is proposed by SAP as standard template. The solution is based on data registered in the SAP repositories and coming from time management and payroll processes but it is also possible to import these data from other non-SAP systems.

- **Family allowances process (ANF – Assegni Nucleo Familiare).** The SAP solution covers all the process through the following steps:
  - Processing and loading of the external files containing the request for paying ANF received by INPS (the Italian SI body) by means of a dedicated report. Any request for an ANF payment will be saved in the relevant employee master data in the dedicated info-type 0160.
  - Management of the payment of each ANF registered in the relevant info-type 0160 during the payroll run. All kinds of ANF are managed including the different types of retro-active payments.
  - The relevant ANF data are then automatically reported in the UniEMENS declaration

- **Illnesses e-file processing.** A dedicated report exists to analyze, process and save the e-file that contains the data regarding illnesses provided by INPS (the Italian SI body) to the employers. All the data relevant data are saved in the absence info-type 2001 with special attention to the Italian specific information. All the data received in the e-files are also saved in a repository dedicated to every employee for any additional need or check.

- In addition to all the international reports for this HCM area, many other specific local reports exist. Among the other we remind the ones that are dedicated to:
  - Calculate and prepare the management of pay raise (Scatti di anzianità)
  - Check wage types (allow checking data from payroll cluster)
- Print or display a standard payment layout (*Cedolino stipendio*).
- Extract and prepare data for e-payment to the employees via bank procedures (*Pagamenti*).

5. Information Repositories

- All the legal changes are timely announced and delivered under [https://service.sap.com/legalchanges](https://service.sap.com/legalchanges) or [https://launchpad.support.sap.com/#/legalchangenotification](https://launchpad.support.sap.com/#/legalchangenotification).
- A dedicated channel (SAP JAM) for SAP HCM Italy exists to share communications, comments and helpful insights and clarifications and many other news under [https://jam4.sapjam.com/groups/eUVNzBDo84OtWnf5BmmTt9/overview_page/seby13meKFAr5q7PcJDFb](https://jam4.sapjam.com/groups/eUVNzBDo84OtWnf5BmmTt9/overview_page/seby13meKFAr5q7PcJDFb).
- A dedicated SAP Note exists that recap all the most relevant software releases for Italian localization of HCM: [SAP Note 1759810](https://support.sap.com/en/documentation/notes/1759810).