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1 Quick Facts

Here you find general information about Italy.

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

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

Legal Compliance

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<th>Human Capital Management</th>
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<td>Dynamic, over the year</td>
<td>Dynamic, mostly at year beginning</td>
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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 solutions which go along the SAP solutions, being considered cross-functions, and they are the Official Document Numbering and Electronic Invoice.

Official Document Numbering (ODN)

- Invoices and credit memos are reported in VAT registers and therefore require ODN. ODN is only relevant for VAT related documents.
- Different number ranges can be used. In Italy it is practice to use ranges for credit notes, purchases, sales, domestic, extra EU, EU
- The Official Document Number has to be consecutive and without gaps per posting date

E-Invoice (Electronic Invoice) for B2B, B2G, B2C

- End-to-End Process required
- XML Mapping
- Message Exchange with the Government – Sistema di Interscambio
- Certificates, Notifications as well as Digital Signatures Handling
- Invoice Archiving according to Italian rules

3.2  Financial Accounting (FI)

Most of the Italian legal requirements are in the Financial Area

3.2.1  Document Journal

Report to manage account list: \texttt{RFBELJ10\_NACC}

Rules:
Progressive Page Numbering /year
Report based on fiscal year and posting date
All accounting documents (e.g. B/S and P/L) are sorted and renumbered according to posting date
Report should be printed in Italian
Beginning balance, ending balance and progressive total should be stored in the report itself

3.2.2 General Ledger Accounting

- Posting Year-End Closing
- Reporting: year end closing posting with RFSUMB00
- Report SAPF011: balance GL
- Report SAPF010: balance AP/AR
- Balance Carry Forward Posting
- Report FAGL_YEC_POSTINGS: balance carry forward in the new GL
- International Chart of Accounting advised. No local Chart of Accounting is legally required for reporting purposes.
- International Balance Sheet Statement advised. No local Balance Sheet Statement is legally required. RFBILA00

3.2.3 Taxes

Tax Number

Multiple Tax Numbers available (for vendors and customers)
- Codice Fiscale (Fiscal Code) STCD1
- Partita iva (VAT Code) STCD2
- European VAT number STCEG
- Ipa code/destination code: needed for electronic invoice STCD4

Tax on Sales/Purchases

- VAT Codes should be delivered but customers should be able to adjust
- Vat Reporting
  - Advance Return for Tax on Sales/Purchases
    - Is used for reporting of output and input VAT on a monthly basis or at the end of the calendar year
    - Report for vat management: RFUMSV00
• Specific features are available in the VAT Tax Return
  ◦ customs
  ◦ Credit balance carry forward
  ◦ Progressive Total calculation
  ◦ Progressive Document Numbering
  ◦ Progressive Page Numbering
• Other declaration
  ◦ Report for Esterometro/vat quarterly declaration

**Withholding Tax**

• Withholding Tax Return for Vendors
  ◦ Calculation
• Withholding Tax Report for Italy: Certificazione Unica (CU)
• Report: RPFIWTITCU
  ◦ Specifically to manage vendors withholding tax
  ◦ Yearly Declaration to tax authorities and vendors
  ◦ Electronic declaration

**3.2.4 Bank Accounting**

• Domestic Bank Transfer (according to CBI – Corporate Banking Interbancario)
  ◦ Sepa credit transfer
  ◦ Sepa direct debit
• Foreign Bank Transfer (according to CBI)
  ◦ Report RFFOITFOR
  ◦ Credit transfer to foreign banks
• Bank Statement (according to CBI)
  ◦ Report: RFEBKA00 (bank statement upload)
• Bill of Exchange (BoE)
  ◦ Report: FBWE+RFWEDX00
    ◦ Bill of Exchange receivables procedures
      ◦ Bill of Exchange Payment Request – BOE with Acceptance
      ◦ Presentation to bank for discount or collection

**3.2.5 Asset Accounting**

• Country specific chart of depreciation
3.2.6 Foreign Currency Revaluation

- Assets and Liabilities in foreign currency have to be revaluated with the exchange rate on the year-end closing date.
- Revaluation differences to be posted on a specific customer/vendor account.
- Report to manage revaluation: SAPF100
- Report to post revaluation differences: RFITREVAL
- Exchange Rate are used from Bank of Italy (Banca d’Italia). The rates of the Bank of Italy are the same rates as published daily by the European Central Bank (ECB).

3.2.7 Local Topics

- Reverse charge management for domestic and EU transaction.
- Split payment: From January 1st 2015 on, public administration buying goods and services should pay the “value added tax” directly to the government, which is debited to them by the supplier. Note number: 2117870
- Down payment: 1792073
- Balances:
  - Customer balance: RFDSLD00
  - Vendor Balance: RFKSLD00
  - g/l account balance: RFSSLD00

3.2.8 Currency

- Local currency is EURO
- Companies should do their legal reporting in this currency.
- Historical tax rate to be used in the conversions according to document date.
- All foreign currency items have to be valued with exchange rates from Banca D’Italia, which is the same as from the European Central Bank.
- For customer invoice the exchange rate must be according to posting date, while for vendors according to document date.
- Exchange rates are maintained on a daily basis.
- It is recommended to maintain a daily rate, even if most Italian customers use the monthly rate.
3.3 Sales and Distribution (SD)

Intrastat Declaration

- Monthly/quarterly declaration for goods and services. In Italy the services must be declared at the same time as the declaration of goods movements (replaces the EC sales List required in other EU countries)
- There is one intra-European Union trade statistics (INTRASTAT) declaration for receipts (arrivals) and one for dispatches.
- Reports:
  - RMIMST00: Arrivals
  - RVEXST00: transaction VE01
  - RMEXST00: dispatch
  - RVEXDAII: file creation

Tax Licenses Number Check

- VAT exempted pricing procedure
- Two forms are supported:
  - Valid for a plafond
  - Valid for a transaction

Billing Date/Invoice Number

To respect VAT Declaration rules, billing document numbers have to be chronological, in ascending order and without gaps.

Stamp duty (Bollo in Fattura)

The invoice stamp duty is due when, in some special cases, the invoice is VAT exempt and the invoice amount exceeds 77.47 euros.
3.4 Material Management (MM)

Warehouse Valuation

- Purchase Accounting Costs Processing (not stock)
- Valuation at the end of the year
- Methods used:
  - LIFO
  - FIFO
  - “Costo Medio Ponderato” - material ledger is required

Warehouse Journal

- Run at the end of the year
- Report: RM07MLB, transaction MB5B

Delivery Note

- Official Delivery Document
- Produced when invoice is sent
- Report: SAPLMBXA

Transport Sheet (Scheda di Transporto)

- Has to be issued by companies that send goods by carries.
- MBXA

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**
  - Customizing settings available
  - Report to manage ICI: RFREXCITICI
  - New IMU calculation for 2012

- **Registration Tax for contracts – the so called Imposta di Registro**
  - Customizing settings available
  - Report to manage IRE: REXCITIRE

- **Stamp tax for documents without VAT – namely Imposta di Bollo**
  - Amount fixed by law to be collected if sum of the base amount in a document not subject of VAT exceeds a certain value
  - Valid for customer invoices, reverse documents and credit memos
  - Customizing settings available
  - Stamp tax posted automatically
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 | Infotype 0154 |
| Additional Administrative data | Infotype 0155 |
| Tax situation and tax deductions | Infotype 0156 |
| Additional administration data | Infotype 0157 |
| Amounts paid by third parties | Infotype 0158 |
| Seniority-linked salary increases (Scatti di anzianità) | Infotype 0159 |
| Family allowances (Assegno Nucleo Familiare) | Infotype 0160 |
| Previous employer’s data for year-end balance | Infotype 0305 |
| Family components (also for fiscal duties) | Infotypes 0021 + 0306 |
| Settlement of 730-4 data | Infotype 0483 |
| Supplementary pension funds | Infotype 0548 |
| INAIL data and management | Infotype 0659 |
| Public sector data | Infotype 3206 |

In addition, some of main international info-types have a localized version for Italy

| Personal Data | Infotype 0002 |
| Addresses | Infotype 0006 |
| Family Members | Infotype 0021 |
| Bank Details | Infotype 0009 |
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.

UniEMENS individuale

It’s a 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")**

- 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 taxpayers
- 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 infotype 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.

Other Specific Local Reports

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 SAP Globalization Services Local and Language Versions for SAP Products or SAP ONE Support Launchpad.
- A dedicated channel (SAP JAM) for SAP HCM Italy exists to share communications, comments and helpful insights and clarifications and many other news under SAP Jam.
- A dedicated SAP Note exists that recap all the most relevant software releases for Italian localization of HCM: SAP Note 1759810.
- Additional documentation is attached to the relevant SAP notes releasing the software solutions or also in the pages dedicated to the Italian HCM localization on the SAP Support Portal.
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