Highlights of SAP Country Version Thailand
FIN and HCM
SAP Globalization Services
Jun 2016

Highlights of SAP Country Version Thailand
Financial and Human Capital Management
After completing this lesson, you will be able to:

- Explain the highlights of SAP ERP Financials and Logistics in SAP Thailand localization
- Explain the highlights of SAP ERP Human Capital Management in SAP Thailand localization
This e-book is divided into two sections. In the first section, we will introduce the Financials and Logistics localizations for Thailand. And in the second section, we will introduce Human Capital Management (HCM) localizations.
Usage of Business Place

Business place is used in countries that by law require returns for taxes on sales/purchases to be submitted at a level of the business unit. For this reason, companies have to register each business place with the tax authorities as the unit responsible for tax reporting.

- In Thailand, companies have to register each of their sites (for example, offices and plants) with the Revenue Department.
- Each business place has to report all business transactions involving VAT or withholding tax to the Revenue Department.
- Every accounting document in the system that contains a VAT item must be assigned to a business place.

- Business place is used in some countries that require to file returns on tax on sales and purchase to be submitted at a level of the business unit. In Thailand, companies have to register their sites (for example offices, plants) and each site is responsible for collecting its own value-added taxes and preparing its own VAT returns. In the SAP system, each site can be represented as a business place.

- You can set up your business places in customizing for Cross-Application Components under General Application Functions -> Cross-Application -> Document Numbering -> Thailand.
A customer or a vendor may have one or many branches depending on how many separate locations a company is operating from. Ideally all branches of a given company are linked to the same Tax ID.

- A branch code is typically a 4-digit or a 5-digit code assigned by the Revenue Department in Thailand to uniquely identify each branch of a customer or a vendor.
- A customer/vendor has one or many branches, depending on how many separate locations a company is operating from.
- In SAP you maintain the Branch code in vendor/customer master data on General Data (country specific enhancement) screen, under Branch Details tab, enter the branch code.

- Enter a 4-digit or 5-digit number without any space or periods. The values that you maintain here are displayed as input help at the time of posting an MM/Sales document or an FI invoice.
- You can also maintain a default branch code on the Default Branch tab.
- Here are the important SAP notes related to the solution
  - SAP Announcement Note 1897424 - Changes - Tax invoice, debit note, credit note - Effective date Jan 01, 2015
- Please refer to the Appendix section for more details of the Branch Code solution.
Taxes in Thailand

SAP Country Version Thailand allows you to:-

- Automatically calculate value-added tax (VAT) and withholding taxes according to Thai requirements
- Create tax invoices for your customers and record those sent to you by your vendors
- File VAT returns and withholding tax returns
- Create withholding tax certificates for vendors
- Handle deferred taxes

- Country Version Thailand comes with tax calculation procedure TAXTH and sample tax codes as part of standard SAP settings

- In Thailand, companies have to register each of their sites (for example, offices and plants) with the Revenue Department. Each site is responsible for collecting its own value-added tax (VAT) and preparing its own VAT returns. In the SAP System, each site is represented by a business place.

- All business transactions involving VAT should be accompanied by a tax invoice. In SAP, you can record and print vendor and customer tax invoices.

- You use report S_ALR_87009895 for VAT reporting purpose in Thailand. The tax report lists all of the business transactions on which you have paid input tax and output tax respectively.

- The Revenue Department in Thailand has decreed that when you sell or buy services, a tax invoice may only be issued after the invoice has been paid. Until the tax invoice is issued (or received), any value-added tax (VAT) must be recorded in the general ledger as deferred tax. Once the tax invoice is available, you transfer the tax to a regular VAT account. This procedure requires special handling in the system. Once the payment has been made, you use the transfer deferred tax transaction code S_P00_07000136 (Program "J_1HDTAX") to process the tax invoices.
Withholding Tax

In Thailand, the Revenue Department requires all registered companies (including foreign persons and companies doing business from Thailand) to withhold tax on a range of payments.

- For country Thailand, you use the SAP Extended Withholding Tax solution
- You can also create withholding tax certificates for your vendors as and when required in the solution provided for Thailand in SAP
- In Thailand, you use the generic withholding reporting program to:
  - Print withholding tax certificates for your vendors
  - Prepare withholding tax returns for the tax offices
  - Prepare the special account tax deduction and remittance report

- In Thailand, you use the Generic Withholding tax report (transaction code S_P00_07000134) to prepare tax returns and print withholding tax certificates for your vendors.
SAP Asset Accounting (FI-AA) component covers the most important laws and business practices specific to Thailand.

- Country Version Thailand allows you to handle different types of assets requiring special treatment by law, such as research and development assets, leased assets, and vehicles.
- It also ensures that assets are not depreciated below the prescribed memo value.
- The country template for Thailand comes with its own chart of depreciation.
- In addition, it includes two queries that you can use when preparing your income tax return:
  - S_P00_07000077 - Asset depreciation list
  - S_P00_07000078 - Asset disposal list

- SAP Asset Accounting (FI-AA) component covers the most important laws and business practices specific to Thailand.
- The country template for Thailand comes with its own chart of depreciation.
- SAP country version for Thailand also includes the following two reports related to Asset Accounting which are needed for legal purposes:
  - S_P00_07000077 - Asset depreciation list (TH)
  - S_P00_07000078 - Asset disposal list (TH)
You use the following inventory reports to report to authorities as required by the Revenue Department in Thailand.

- Stock Card and Inventory Material Report
- Inventory and Raw Material Report
- Free Spare Part Issue Report for Warranty Product

Stock Card and Inventory Material Report - According to Thai requirements, company must provide stock report to display receiving and issuing of goods of each material in each period. SAP transaction code – S_P00_07000139 (Program "J_1HSTCD") will display data required by the Revenue Department of Thailand.

Inventory and Raw Material Report - To comply with Thai requirements concerning inventory and material management. One of requirements is to display receiving and issuing of each material not only in each period. SAP transaction code - S_P00_07000140 (Program "J_1HSTKV") will display stock movement and balance for each special stock in detail.

Free Spare Part Issue Report - According to Thai requirements, a registrant who sells goods and provides service with warranty against defects or any similar causes shall prepare a record of changes of spare parts or repairs under warranty separately from a goods and raw material record. SAP transaction code - S_P00_07000141 (Program "J_1HSPIR") will display free spare parts issued for warranty parts.
In the second part of this e-book, we will discuss HCM localizations for Thailand.

**SAP Thailand localization Human Capital Management (HCM)**
- HCM Localization for Thailand Overview
- HCM Master Data for Thailand
- Payroll for Thailand
- HCM Reporting for Thailand
- SAP ESS for Thailand
Human capital management (HCM) localization for Thailand focuses on enabling payroll processing for your employees in Thailand using data from the personnel administration component. At the end of payroll processing, your company can produce pay slips and legal reports. You can then submit legal forms to the tax and social security authorities in Thailand.

### Personnel Administration
- **HCM Master Data**
  - Setting up and maintaining Provident Funds (IT0366)
  - Setting up and maintaining Social Security funds (IT0365)
  - Setting up and maintaining tax allowances (IT0364)

### Payroll Processing
- **Payroll Run**
  - Regular payroll period processing (monthly payroll and semi-monthly payroll)
  - Tax calculation
  - Social Security/Provident Fund contribution
  - Termination processing
  - Retro processing and Off cycle processing

### HCM Reporting
- **Statutory Reports**
  - Insurance Report
  - Social Security Report
  - Income Tax Form 1A (ITF1A) Yearly Report
  - Income Tax 50 BIS - Yearly Report
  - Income Tax Reconciliation Worksheet (PIT91)
  - Income Tax Form 1 (ITF1) Monthly Report

At the end of payroll processing, employee payroll data is posted to the Financial Accounting component.
To accommodate Thailand specific requirements, there are a number of country-specific info types and info type views available for Thailand.

In addition to the reused international info types for Thailand, there are three Thailand specific Info types:

0364 Tax
0365 Social Security
0366 Provident Fund

and two info type views: View 0365 for info type 0006 (Addresses) and View 0187 for info type 0021 (Family Member/Dependents).
Thai addresses are mostly in the order, starting from the smallest unit and progressing to the largest. The general format is in 4 levels:

1. **1st level** - Building/Room/Floor,
2. **2nd level** - Village/Road
3. **3rd level** - Sub-District/District
4. **4th level** - Province/Postal Code

**THAILAND**

This info type allows for the storage of addresses information for an employee with Thailand-specific format. This info type also offers the option to maintain the full address of the employee in one field. The full address is printed on the 50 BIS form.

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- **1st level** - Building/Room/Floor,
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- **4th level** - Province/Postal Code

**THAILAND**

This info type allows you to store addresses information for an employee in Thailand-specific format. Also, it offers the option to maintain the full address of the employee in one field. The full address is printed in the 50 BIS form.

You can maintain six address types in info type 0006 (Addresses):
- Permanent residence
- Temporary residence
- Home address
- Emergency address
- Mailing address
- Nursing address

Permanent residence is mandatory, and needs to be printed in legal forms, e.g. PIT91 and 50BIS.
In this info type view 0187, you register data related to employee family members that are relevant for family allowance calculation.

- Family members include Spouse, Child, Parents,…
- The employment information for family members is used for allowance and tax deduction (e.g. employee can claim the spouse allowance if the spouse is not working).
- Personal ID for family members is used for allowance, tax deduction and legal reports.
The info type 0364 (Tax) enables maintenance of Thailand-specific tax ID and family allowance, as well as granted tax allowances, and more. Personal income tax calculation takes this data into account when calculating the taxable amount after deduction of applicable tax allowances.

**Tax ID for Thailand:**

- 10 digit Taxpayer Identification Number which is issued by the Revenue Department.
- New 13 digit Taxpayer Identification Number which is issued by the Revenue Department in 2012.
- Yearly allowance which is valid for every Tax year (e.g. Life Insurance Premium)
- Non-yearly Tax allowances are treated for a fixed period (e.g. Housing allowance)

The info type 0364 (Tax) enables maintenance of Thailand-specific tax ID and family allowance, as well as granted tax allowances, and more. Personal income tax calculation takes this data into account when calculating the taxable amount after deduction of applicable tax allowances. You are able to maintain the following tax details of an employee:

- **Tax Identification Number** - You maintain 13 digit Taxpayer Identification Number which is issued by the Revenue Department in 2012 or 10 digit Taxpayer Identification Number.
- **Family Allowance** - You can select whether the employee is claiming allowances such as a Spouse Allowance, Child Allowance or a Child education allowance.
- **Employee specific allowance** – Here you can also maintain Yearly allowance which is valid for every Tax year (e.g. Annual Life Insurance Premium) and Non-yearly Tax allowances which is valid in a fixed period (e.g. Housing allowance)
Social security (IT0365): This info type stores information required for calculating an employee’s social security contributions during a payroll run and other data required for reporting purposes. It is used to create an employee’s contribution details.

Social security:
Social Security contributions are made for various types of benefits such as illness, disability, death, maternity, etc. The types of benefits are grouped into three contribution categories:

- Category 1 - Injury, sickness, disability, death, maternity
- Category 2 - Child welfare, old-age
- Category 3 - Unemployment benefit
Provident fund (IT0366): This info type stores the information required to calculate an employee’s provident fund contributions during a payroll run.

Provident fund includes:
- provident fund number
- type of contribution rate
- employee contribution rate / percentage
- employer contribution rate / percentage

During the payroll run, the system reads the info type 0366 (Provident Fund) and then processes provident fund contributions for an employee. If an employee has no provident fund info type record, it is assumed that the employee is not contributing to the provident fund.
Payroll for Thailand focuses on enabling payroll processing for your employees in Thailand using data from the personnel administration component. At the end of payroll processing, your company can produce pay slips and legal reports. You can then submit legal forms to the tax and social security authorities in Thailand.

Payroll for Thailand offers monthly, semi-monthly, and off-cycle payroll.

- The **Gross Payroll** component processes employee master data from SAP Personnel Administration and generates wage types and amounts to be used by the Net Payroll component. Pre-tax deductions and earnings are processed in the Gross Payroll component.

- The **Net Payroll** component supports:
  - Calculation of Personal Income Tax
  - Absorption of tax by the employer (gross up)
  - Social security deduction
  - Provident fund deduction
  - Termination payment
  - One-time or recurring payments and deductions

- The **Deductions** component calculates all payments to third-parties except taxes and garnishments deducted directly from the employee’s pay. Maximum thresholds for deductions and outstanding payments are taken into account.
An employee is entitled to Payments according to the employment contract. The individual payments form the basis for the calculation of an employee’s gross remuneration. Gross remuneration is the starting point for the calculation of social insurance and tax payments, and also for the calculation of net remuneration.

The Annual Wage Supplement (AWS) function can be configured for calculation base and calculation factor. Your company can choose to pay AWS through regular payroll or through an off-cycle payroll run.

This function evaluates a semi-monthly payroll run. Pay for the month is entered in the Basic Pay info type (0008). This amount is halved during the semi-monthly payroll run. The amount is paid in the first and second semi-monthly periods.

The Off-cycle payroll function is used for bonus payments in Thailand. It does not apply to a regular payroll run. Unlike regular payroll which is performed regularly on a specific day in a payroll period, you can perform this off-cycle activity on any day. This function enables you to run payroll online at any time before the regular payroll cycle so as to pay employees’ their bonuses.
**Payroll for Thailand (3)**

**Net Payroll and Deductions**

<table>
<thead>
<tr>
<th>Component</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxation</strong></td>
<td>- You company must issue completed tax forms to employees for the tax reporting year. The payroll function supports year-end tax calculations for the payroll run based on the master data, and also provides the relevant statutory tax.</td>
</tr>
<tr>
<td><strong>Gross up</strong></td>
<td>- The employer pays the tax on the salary and wages paid to an employee.</td>
</tr>
<tr>
<td><strong>Social security</strong></td>
<td>- The social security component lets your company process employee and employer contributions during each regular payroll run.</td>
</tr>
<tr>
<td><strong>Provident fund</strong></td>
<td>- This component lets you compute provident fund contributions of employees during a payroll run. It also allows deduction of the contribution at each period from employee salary or wages.</td>
</tr>
</tbody>
</table>

Net payroll component calculates the net payment for employees in Thailand. Tax, social security and provident fund contributions are deducted during the calculation of net pay in a payroll run.

- **Taxation** – You company must issue completed tax forms to employees for the tax reporting year. The payroll function supports year-end tax calculations for the payroll run based on the master data, and also provides the relevant statutory tax.
- **Gross up** – The employer pays the tax on the salary and wages paid to an employee. This function guarantees an exact amount in the income paid to the employee after tax deduction. This function is used when there is a requirement to offer employees a guaranteed net amount that is, the employee receives net pay and the employer pays the tax on the salary or wages paid.
- **Social security** – The social security component enables your company to process employee and employer contributions during each regular payroll run.
- **Provident fund** – This component enables you to compute provident fund contributions of employees during a payroll run. It also allows deduction of the contribution from employee salary or wages at each period.
The Termination component enables you to calculate the termination tax of an employee who has terminated employment with the company. The calculation of termination tax is relevant to termination income and employee service years. Termination tax of an employee is calculated by deducting all expenses from the termination pay to arrive at the taxable termination pay. The taxable termination pay is then taxed according to the tax rates to arrive at the tax amount.

- Terminating an employee
- Enter an employee's termination details in info type 0015
- Run payroll to pay the employee the termination payment and to calculate the tax on the termination payment.
The SAP HR Payroll System provides regulatory tax reports required by the Thai authorities, and social security reports for the state social security authorities. These reports allow efficient evaluation of payroll data and ensure compliance with government regulations. The following Thailand specified legal reports should be submitted to the authorities:

**Social security and insurance reports include**
- Social security summary report
- Social security contribution details
- Insurance report (SSO 1-02, 1-03 and 6-09 forms)

**Tax reporting include**
- Income tax (form 50BIS) - yearly report
- Income tax (form ITF1) - monthly report
- Income tax (form ITF1A) - yearly report
- Income tax reconciliation worksheet (form PIT91) – yearly report
Employee self-service (ESS) – Employee Self-Service for Thailand enables the employees in your enterprise to create, display and change personal data.

- Employee address info
- Family members and dependents
- Bank name and Account number
- Employee-specific allowances
- Yearly allowance
- Non-yearly tax allowance

Employee self-service (ESS) for Thailand enables the employees in your enterprise to create, display, and change personal data. For example,

**Employee address**

**Family information**

**Bank information** (Name and Account number)

**Tax details.** These tax details include employee-specific allowances used for calculating tax during payroll and also data used for generating tax reports. In this way, employees can ensure that the information is correct while simultaneously reducing the number of costly and time-consuming activities performed by the Human Resources Department.
In summary, there is a few localizations for Financials and Logistics as the standard SAP Financials and Logistics solutions encompass the most Thailand business requirements. For Human Capital Management, there are a few country-specific info type views and Thailand payroll relevant info types. Payroll has been fully localized for Thailand requirements.
Here we provide extra information for SAP ERP Thailand localization solutions. For example, you can find the relevant information on SAP Library and SAP One Support Launchpad.
Finally you may learn about the best ways to implement SAP Country Versions in general; see literature.
Thank you

Contact information:
SAP Globalization Services

globalization@sap.com
This slide shows the pictorial view of the SAP solution for Thailand branch code.

- Here are the important SAP notes related to the solution:
  - Announcement Note 1897424 - Changes - Tax invoice, debit note, credit note
  - Effective date Jan 01, 2015
  - 2136873 - Thailand VAT Legal change 2015 : Default branch code in clearing documents
  - 2065274 - Thailand VAT Legal change 2015 : Branch code field enhancements in FI Classical Transactions (FB01, FB02, FB03)
  - 2083665 - Thailand VAT Legal change 2015 : DDIC Note
  - 2066634 - Thailand VAT Legal change 2015: Additional corrections to Customer / Vendor master data
  - 2091168 - Thailand VAT Legal Change 2015: Branch code screen enhancements in sales order creation
  - 2059355 - RFUMSV00 (TH) : Additional corrections to Thailand VAT Legal Change 2015
  - 2083665 - FI and Master Data Tables
This slide displays an overview of SAP HCM Thailand payroll solution.

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