Hi, I am Jose Gonzalez, Localization Product Manager – HCM Colombia, Globalization Services, SAP.

Welcome to this session on the SAP HCM payroll Country Version for Colombia.
Objectives

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

- Understand the scope of the Colombian Payroll localization.
- Outline the features of the Colombian Payroll localization.
- Understand the Payroll integration and support.

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This is our agenda for the next twenty minutes. Starting with some quick facts on the country version of the Payroll of Colombia, I will then show the solution features, and finally present some additional highlights.

This session will help you understand how businesses can be run in compliance with the law. I will cover in brief the features offered by the country version of Colombia in the Payroll area.

I will also touch upon its support system and give some recommendations for those who plan to implement the Payroll country version of Colombia.
So let's start with some quick facts on the Payroll country version of Colombia.
Key Strengths:

- Customizable and global product.
- Legal compliance for payroll runs.
- Integration with other components.

Challenges:

- Legal Changes:
  - Sometimes come unplanned.
  - Are applicable on short notice.
  - Are often mission-critical.
Now let me walk you through the Colombian payroll topics. We will look into Master Data, Payroll, and Legal Reports.
**Master Data**

- Personal data
- Family data
- Organization data
- Severance advance
- Affiliation to social security entities (EPS, AFP, ARP, CAJA)
- Withholding tax
- Approved securities disabilities
- Vacation pay
- Garnishment
- Loans

The Master Data side:

- Personnel Management manages organizational data, management information, and data relating to remuneration. Personnel Management and Payroll are fully integrated.

- The master data stored in Personnel Management is evaluated by Payroll. This evaluation, which is based on individual data and the respective legal settings, automatically uses the appropriate method of assessment and applies the respective rules to obtain the payment net results.

- The main master data includes the following: Colombian tax information, severance, social security, disabilities, loans, vacations, garnishments, loans, family data, personal data as well as Employee Self-Service.
The Payroll side:

- Payroll calculates all payments to employees by using a preconfigured and customizable calculation scheme. Running this scheme, the system first calculates the gross pay of the employees in a given pay period, taking into account contracts, agreements, bonuses, and so on. Then, it finds voluntary or mandatory deductions such as taxes. Finally, the system calculates the net payment that will be transferred to the employee.

- The amounts payable are stored per employee in the payroll results. Sophisticated security mechanisms ensure that the same payment is not made twice within the same payroll period.

- Running a special payroll is required when a payment must be made immediately and not as part of a payment for the next period.

- Automatic retroactive calculation: The Payroll automatically finds changes to master data and time management, even if these changes apply to earlier periods. The implementation of the payroll is done automatically again for all periods affected by these changes.

- Colombian Payroll includes the functions associated with the processing of social security, withholding tax, legal provisions, garnishments, and loan.
During the execution of the payroll, the wage types are calculated and deducted from the amounts that your company and its employees must be paid as withholding tax, contributions to social security transportation bonus, or legal provisions.

The Payroll supports the activities associated with a process of termination of labor relations between an employee and your company. Basically, it includes the processing of severance, legal bonus, and all the aliquots generated during the termination process in terms of wages, profits and holidays, salary and vacations.
Mandatory Law Reports

- Social security text files (PILA reports).
- Certificate of income and deductions.
- Semiannual percentage calculation.
- Garnishments – Bank Agrario.
- Tax benefit report.

Mandatory law reports:

- The Payroll generates a variety of legal reports according to preset formats for stakeholders
- Reports for the Social Security System: PILA report, Notice of Termination of Employment Relations
- Garnishments: Most garnishments should be consigned to a Bank Agrarian account
- Taxes: semiannual percentage calculation, certificate of income, and deductions and tax benefit report
Additional Highlights

• Integration
• Support
• Recommendations

- This was a brief overview of the functionalities offered by the Payroll country version of Colombia.
- Now let’s have a look at some additional highlights.
Integration
- Integration with Financials (FI).
- Integration with Controlling (CO).
- Integration with Treasury (TR), bank transfers, and payments.
- Budget.
- Time Management.
- Human Capital Management provides more than 45 integration points.

Thanks to the integration, the time data is managed by the Time Management and evaluated automatically by Payroll. During execution of the payroll, the system determines, for example, compensation of employees or workers, overtime, or supplements to the time worked. The system is able to process other wage types in a particular way, such as Social security, absences, vacation, sick leave, and so on.

SAP ERP Human Capital Management contains more than 45 integration points to the business applications of SAP Business Suite, and this number continues to grow. For example, integration of CRM and HR through an employee interaction center is a typical business process in most companies today. HR teams, IT teams, and other departments that support employees within a company’s environment use the power of interaction centers to provide a one-stop HR information repository for employees.

When running the payroll, the system allows the automatic distribution of costs, both in Financials and Controlling.

The system also allows you to update the information of training, skills, appraisals as well as information of shift planning, and gathers that information for running the payroll.
Starting with the support:

- Full support for legal changes throughout the year delivered through SAP Notes and Support Packages, component XX-CSC-CO-HR.
- Software components HR-CEE and HR-CEECCO.
- Proactive analysis backed up with legal experts.
Lastly, definitely not the least, here are some recommendations.

- Not a “do-it-yourself” system.
- Expert knowledge required.
- User training.
- Keep the system up-to-date with the latest Support Package.

Lastly, definitely not the least, here are some recommendations.

- It is recommended to have experts and experienced users on board, right from the beginning.
- There is definitely some expert knowledge required about global templates to avoid late surprises.
- It’s also strongly recommended that the customer upgrades to the minimum Support Package level, to get the relevant legal changes in future.
- Lastly, user training is a critical part to a successful implementation, which I think all of us agree.
Customer focus has always been the key to SAP’s success. ASUG (the Colombian user group) takes it to the next level by providing customers a platform to collaborate with the SAP Development labs. In addition, it serves as a channel for the CCO team to maintain a strong collaboration with customers. There are tailored programs focusing on Colombian localization topics, where customers and SAP share both their knowledge and best practices.
Lesson Summary

You should now be able to:
• Explain the Payroll requirements around legal compliance.
• Provide an overview of the HCM Payroll country version Colombia.
• Describe the HCM Payroll Colombian localization features.
• Understand the solution support strategy.
• Outline recommendations for implementation.

I’m sure you are now able to:
■ Explain the Payroll requirements around legal compliance
■ Provide an overview of the HCM Payroll Country Version Colombia, solution coverage
■ Explain the HCM Payroll Colombian localization features
■ Understand the solution support and rollout strategy
■ Outline recommendations for implementation
Related Information

For more information on the topics discussed in this lesson, see the following references:


For more information on the topics discussed in this lesson, see the references listed here.
The model company and all Customizing of the Colombian payroll can be found in the 974906 OSS note.

Every year, at the beginning of the year, the state entities publish the values that will apply to the current year, such as minimum salary, bonus transportation, UVTs, and so on. These constants are published in the beginning of each year in the OSS note 1017164.

The legal changes, improvements, and related topics on payroll CO are published in the OSS note 1354330 OSS.
Thank You!

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- With that I would like to thank you for your patience and attention during this session. You can contact me with your doubts and questions at the e-mail I have given you.
- Thank you and have a nice day!