Local Version: Brazil
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1 Quick Facts

Here you find general information about Brazil.

**Key Strengths**

- Strong alignment with local user groups
- Provide tools for customers to keep their systems updated and to track the legal changes notes
- Supports legal compliance for business transactions

**Challenges**

- Complex legislation
- Complex control of data in the electronic reports
- Constant modification in the taxes and reports legislations
- Applicable on short notice

**Legal Compliance**

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<thead>
<tr>
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<th>FI/Logistics</th>
<th>Human Capital Management</th>
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<td>Frequency of Legal Changes</td>
<td>Dynamic, over the year</td>
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**Language**

All core modules are translated to Portuguese.
2  Supported Legal Requirements

2.1  Cross-Function Requirements

2.1.1  SAP Localization Hub, Tax Service

SAP Localization Hub, tax service helps you to determine and calculate applicable country/region-specific indirect taxes. The tax service comes with sample tax determination and calculation content, and increases automation in tax-relevant transactions. The tax service also includes a partner framework that allows you to integrate partner tax solutions.

SAP Localization Hub, Tax Service – How it works

- S4 system calls Tax Service during tax calculation procedures (e.g., during Sales process, when pricing rules are executed)
- Tax service checks customer’s configuration for partner tax engines. According to the configuration, it would, e.g.,
  - determine taxes internally for France,
  - call a partner tax engine for Brazil to get the taxes determined.
- Then the process reverts and results are sent back to the calling application

2.1.1.1  Features

Determine and Calculate Indirect Taxes

For Brazil, supports legal compliance in Sales and Purchase transactions, as well as Financials transactions related to Sales and Purchase transactions (calculation of withholding taxes on payment and down payment
processing) by using the tax service. The service uses the tax content to determine and calculate applicable country/region-specific taxes on business transactions. In case of Brazil, a partner tax solution is mandatory for tax content determination and tax calculation.

**Maintain Tax Attributes of Master Data**

Use the tax attributes of master data to influence the tax calculation process. After you upload the master data, such as for products and customers, the tax service uses the data for business operations related to the affected master data. In case of Brazil, additional tax attributes are available via configuration of tax service specific tables.

**Use Partner Tax Solutions**

Conduct business operations in countries or regions that are not supported by the standard tax service. If you have business operations in these countries or regions, you can integrate partner tax solutions. Brazil is one of the countries for which a partner tax solution is mandatory.

**Log Data for Auditing Purposes**

Meet requirements for tracking and auditing purposes using the logs that the tax service stores for all requests sent to - and responses received from - the tax service.

**2.1.1.2 Tax Service Integration**

For Brazil, you can use some or all the features of the tax service in SAP S/4HANA and S/4HANA Cloud. You can integrate the tax service with SAP S/4HANA and SAP S/4HANA Cloud to calculate taxes for sales and purchase operations in accordance with the guidelines from the tax authorities.

The Pricing scheme used for Brazil in case of Tax Service is not the Classical or CBT schemes used in S/4Hana. When using Tax Service for Brazil, a new pricing schema is delivered, and this is the one responsible for the integration with Tax Service and tax engine Partner.
Prerequisites: For Brazil it is mandatory to use an SAP partner service to calculate taxes according to local guidelines, subscribe to the partner service in the SAP App Center. Complete the settings required by your chosen partner service.

2.2 Financial Accounting (FI)

In Brazil, there are specific business practices and taxes are calculated during the payment and collection processes.

Accounts Payable (FI-AP)

The payment process involves payment of obligations that can be done through a Boleto or data medium exchange (DME).

DME is an electronic file (specific format) containing all payment information. The electronic file (DME) is in use to exchange information between companies and banks.

The file format available is: FEBRABAN (CNAB240).

Brazil’s accounts payable system has different forms of payments and the ones below are managed by Brazilian localization: check payment, payment order, account crediting (bank transfer between accounts), DOC (bank transfer to other banks), TED (SPB – online bank transfer to other banks), and “Boleto”.

Checks control: checks with pre-printed numbering (numbered), checks numbered by the system and printing checks.
DDA – Direct Debit Authorized

This is the electronic Boleto, it means there is no Boleto in paper.
The Boleto information, including the barcode, is sent by the bank to the payer.
In this process the DDA file is uploaded and the financial documents that meets the key fields are updated with the barcode.

Accounts Receivable (FI-AR)

The Accounts Receivable process includes commercial practices such as: Duplicata and Boleto printed forms and the electronic file (DME).

Duplicata, Duplicate or commercial duplicate is a nominal document issued by the dealer, with the overall value and the invoice due date.

Boleto, is a paper form use as a payment method to send a collection to the buyer and contains information related to amount, due date, interest, fines, discounts and a barcode. A boleto can be paid at ATMs, branch facilities and internet banking of any Bank, Post Office, Lottery Agent and some supermarkets until its due date.

The electronic file (specific format) contains the information for collection and it is sent to the bank. The electronic file is used to exchange information between companies and banks.

The file format available is: FEBRABAN (CNAB240)
The different payment methods in Brazil are listed below and are managed by Brazilian localization: Duplicata and Boleto, which can be printed and sent directly to the customer.

Withholding Taxes

Withholding Tax in Brazil have different posting time as each Withholding Tax is triggered in specific situations like invoice posting (“competência”) and payment posting (“Caixa”).

Withholding Taxes are calculated according to the Business Scenario.

The Withholding Taxes are:
- INSS - National Institute of Social Security (Instituto Nacional do Seguro Social)
- IRRF – Income Tax (Imposto de Renda Retido na Fonte)
- PIS – Contribution to the social integration Program (Programa de Integração Social)
- COFINS – Social Contribution on Net Income (Contribuição para o Financiamento da Seguridade Social)
- CSLL – Withholding tax social contribution on net income (Contribuição Social sobre o Lucro Líquido)
- ISS – Service Tax (for the situation of withholding tax) as withholding per municipality legislation.
Financial Accounting

Brazil there is no official chart of accounts but there is a Federal Account Norm which is a guideline for accounting postings and balance sheet reports.

Revenues are posted included (most) taxes.

Revenue recognition: revenues must be recognized at goods issue, but taxes must be paid according to the nota fiscal issue.

Asset Accounting

Delivered as a template a local Chart of Depreciation.

Transactions with assets (buying, selling, leasing, transferring and so on) require a nota fiscal.

S/4HANA Cloud

- Reference Chart of Account – YCOA (for all countries)
- Local Chart of Account – YCBR (CoA model according to CFC guidance)
- Payment Medium Workbench (PMW) - Febraban (CNAB240) format

2.3 Sales and Distribution (SD)

The Brazilian sales and distribution processes have been localized in several important points: sales documents, deliveries, billing documents, nota fiscal and tax calculation. Electronic invoices processing is also part of the Localization.

Sales Documents

Improvements were made to enable the performance of merchandise sales transactions and services rendering according to Brazilian requirements.

- Pricing: There are two pricing schemes to support Brazilian scenarios, the Classic scheme (RVXBRA) and the CBT (Condition Based Technique) scheme (RVABRA). SAP recommends the use of the CBT scheme whenever possible.
- Taxes: ISS, ISS WHT, ICMS, ICMS FCP, ICMS ST, ICMS ST FCP, IPI, PIS, COFINS, PIS WHT, COFINS WHT, CSLL WHT, IR WHT.
- SD Tax Code: Indicates which taxes should be calculated during the sales process.
• Tax Laws: Defines the fiscal tax situation for each tax, carries the Legal Texts from legislation.
• CFOP (Código Fiscal de Operação e Prestação de Serviço): Specifies the type of sales transaction.

Outbound Delivery Document

Improvements were made in the delivery to manage Brazilian fields relevant to the process.

Billing Document

Improvements were made to receive and manage Brazilian information relevant to tax calculation and to the creation of the Nota Fiscal document right after the billing document is saved.

Sales for Industrialization

• With and without taxes: ICMS, ICMS FCP, IPI, ICMS ST, ICMS ST FCP, PIS and COFINS
• Calculation of withholding taxes when selling to Public companies
• Base reduction of ICMS, IPI, ICMS ST, PIS and COFINS
• ICMS reduction base according to law Convênio ICMS 100/97
• Freight discriminated in the “nota fiscal” and freight not discriminated in the “nota fiscal”
• Insurance and other expenses discriminated in the “nota fiscal”
• Discriminated and non-discriminated discounts in the “nota fiscal”
• Returnable packaging
• Sales to Tax Free Zone (Manaus)
• Values indexed in the sales order
• Terms for payment
• Production batch control number

Sales for Resale

• With and without taxes: ICMS, ICMS FCP, IPI, ICMS ST, ICMS ST FCP, PIS and COFINS
• Calculation of withholding taxes when selling to Public companies
• Base reduction of ICMS, IPI, ICMS ST, PIS and COFINS
• Discriminated freight and non-discriminated freight in the “nota fiscal”
• Insurance and other expenses discriminated in the “nota fiscal”
• Discriminated and non-discriminated discounts in the “nota fiscal”
• Returnable packaging
• Sales to Tax Free Zone (Manaus)
• Values indexed in the sales order
• Terms for payment
• ICMS reduction base according to law Convênio ICMS 100/97
• Production batch control number

Sale for Consumption or Fixed Assets

• With and without taxes: ICMS, ICMS FCP, IPI, ICMS ST, ICMS ST FCP, PIS and COFINS
• Calculation of withholding taxes when selling to Public companies
• Base reductions of ICMS, IPI, PIS and COFINS
• Freight discriminated in the “nota fiscal” and freight not discriminated in the “nota fiscal”
• Insurance and other expenses discriminated in the “nota fiscal”
• Discriminated and non-discriminated discounts in the “nota fiscal”
• Returnable packaging
• Values indexed in the sales order
• Terms for payment
• ICMS reduction base according to law Convênio ICMS 100/97
• Production batch control number

Sale of Services

• ISS tax calculation according to law LC116
• Legal entity or natural person income tax, INSS, PIS, COFINS, and withholding taxes as per Laws 10,833 and IN306

Special Sales Processes

• Future delivery
• Complementary NF
• Consignment
• Returnable packaging
• Third party scenarios
• Returns
• Debit memo
• Credit memo
Sales and Distribution in S/4 HANA Cloud

In the S/4 HANA Cloud the pricing scheme is different from the S/4 HANA. For S/4 HANA Cloud the tax calculation is done with the use of Tax Service, which should be integrated with the tax calculation engine of an SAP Partner.

The business scenarios are released every 3 months. The scenarios available for Brazil might be found in the Best Practices portal - Reference to Information Repositories [page 42].

2.4 Material Management (MM)

The material management solution enables closer integration between a company’s supply activities. This integration helps to centralize acquisition of goods, services and freight, covering all processes related to: purchase requisition management, purchase order management, goods receipt management and invoice management.

The solution also enables improvement of the material storage flow, with real time monitoring of material availability.

By having a complete and integrated solution enables the management of the entire P2P process, including logistic processes. Therefore, the solution helps increase cost savings, reduce operational costs and ensure compliance with contracts and policies that represent essential factors to generate real competitive differentiation.

Automated operations make it easier to supply all goods and services, eliminating manual tasks and reducing purchasing mistakes.

Business Scenarios

Brazilian localization provides solutions to the following purchase processes:

- Purchase for industrialization
- Purchase for resale
- Purchase for consumption
- Purchase of assets
- Purchase of services
- Acquisition of freight

Special Processes

Brazilian localization also provides solutions for special processes, such as:

- Future delivery
• Consignment
• Subcontracting
• Returnable packaging
• Triangular operations
• Import

**i Note**
System allows the customer to issue a Nota Fiscal on behalf of their foreign supplier

**Taxes**

In Material Management, the following Brazilian tax calculation are supported:

- ICMS
- ICMS-FCP
- IPI
- ICMS-ST
- ICMS-ST-FCP
- DIFAL
- DIFAL-FCP
- PIS
- COFINS
- FCP Partilha (EC/87)
- Withholding taxes
- ISS

### 2.5 Nota Fiscal Eletrônica (NF-e)

Brazil has regulations requiring that every invoice be sent electronically to and validated by the government before shipping goods. After government approval, the invoices must be sent to the buyers to post the corresponding documents in ERP. This invoice is called Nota Fiscal Eletrônica.

There are other several electronic documents types in Brazil depending on the business:

- NF-e: relevant for goods
- NFS-e: relevant for services
- CT-e: relevant for freight services
  - MDF-e: relevant for freight services
- NFC-e: relevant for final consumer*
- NF3-e: relevant for energy*
- BP-e: relevant for people transportation*
2.5.1 GRC NFE / SAP NFE: On-Premise Solution

GRC NFE outbound solution provides capabilities to support the following documents:

- NF-e
- CT-e
- MDF-e (not supported in ERP)

After receiving the required data from ERP, GRC NFE is responsible to create the respective XML file and send to tax authority to get the authorization. After getting the authorization, the goods shipping can take place.

The general process flow follows the steps:

1. NF-e object is created in ERP
2. NF-e data is sent to GRC NFE
3. GRC NFE validates NF-e data
4. GRC NFE creates the XML
5. GRC NFE signs the XML
6. GRC NFE creates the batch
7. GRC NFE submits the batch to tax authority web service
8. On the synchronous process, tax authority returns the NF-e result
9. On the asynchronous process, tax authority returns the receipt number which should be used in a new request to know NF-e result
10. After receiving the NF-e result, GRC NFE sends the information to ERP
11. In case of authorization, DANFE can be printed in ERP and shipping can start
12. In case of authorization, GRC NFE triggers B2B process which sends the XML to business partners
13. NF-e XML is stored in GRC NFE database
GRC NFE inbound solution provides capabilities to automate the NF-e & CT-e receipt process in ERP by validating prices, taxes and posting automatically the goods receipt and invoices receipt as well NF-e/CT-e documents in ERP.

The general process flows are divided in two different moments and follows the steps:

**XML arrival**

1. NF-e XML is received by GRC NFE
2. GRC NFE checks if NF-e digital signature is correct
3. GRC NFE checks if NF-e is approved in tax authority systems
4. GRC NFE enables the purchase order association
5. GRC NFE validates the prices and taxes according to XML file
6. GRC NFE creates the inbound delivery in case all steps are correct
7. GRC NFE can send a confirmation mail to vendor
8. In case any step has some error, it is possible to send a rejection mail to vendor rejecting the NF-e. Also in this step it is possible to send the negative receivers acknowledgment events
GRC NFE Outbound Scope

- NF-e, CT-e, MDF-e documents
- Events: cancellation, correction letter, ICMS suspension and MDF-e events
- Data Validation
- Contingencies: EPEC, SVC and security paper
- B2B Process for customer and carrier
- XML Mass Download
- Archiving

GRC NFE Inbound Scope

- Business Process: Normal Purchasing, Subcontracting, Stock Transfer, Future Delivery, Consignment, Returnable Package and CT-e
- Receivers Acknowledgment (Manifestação do Destinatário)
- Digital Signature and Authorization checks
- Invoice Simulation: prices and taxes
- Vendor Notification: XML acceptance and rejection
- DANFE Simulation
- Gate Monitor
- Logistic Monitor
- Automatic MIGO & MIRO
2.5.2 SAP Document Compliance, Invoice Option for Brazil: Cloud Solution

SAP Document Compliance, outbound invoice option for Brazil provides capabilities to support the following documents:

- NF-e
- NFS-e for São Paulo and Rio de Janeiro cities

SAP Document Compliance, inbound invoice option for Brazil provides capabilities to support the following documents:

- NF-e

The business process flow is similar to the on-premise solution, the difference is that SAP Document Compliance, invoice option for Brazil is a SaaS solution where the service is operated and maintained by SAP.

**Supplier (outbound flow)**

1. NF-e/NFS-e object is created in ERP
2. ERP send NF-e/NFS-e data to SAP DC outbound
3. SAP DC outbound validates the data
4. SAP DC outbound creates the XML
5. SAP DC outbound signs the XML
6. SAP DC outbound creates the batch
7. SAP DC outbound sends the batch to tax authority web service
8. Tax authority returns the receipt number which should be used in a new request to know result
9. ERP calls SAP DC outbound to get the result
10. In case of NF-e authorization, DANFE can be printed in ERP and shipping can start
11. In case of authorization, B2B process sends the XML to business partners
12. XML is stored in SAP DC outbound database

Buyer (inbound flow)

1. NF-e XML is received by ERP
2. SAP DC inbound checks if NF-e digital signature is correct
3. SAP DC inbound checks if NF-e is approved in tax authority systems
4. SAP DC inbound enables the purchase order association
5. SAP DC inbound validates the prices and taxes according to XML file
6. SAP DC inbound creates the inbound delivery in case all steps are correct
7. After DANFE arrival, SAP DC inbound can create a DANFE simulation for visual comparison
8. SAP DC inbound checks if NF-e is still approved in tax authority systems
9. SAP DC inbound enables the physical counting
10. SAP DC inbound triggers the goods receipts, invoice receipt and NF-e posting in ERP

SAP Document Compliance, Outbound Invoice Option for Brazil Scope

- NF-e document
- NFS-e for São Paulo and Rio de Janeiro cities
- Simple inbound documents receiving
- Events: cancellation, correction letter
- Data Validation
- NF-e Contingencies: SVC and security paper
- B2B Process for customer and carrier
- XML Mass Download
- Archiving

SAP Document Compliance, Inbound Invoice Option for Brazil Scope

- Business Process: Basic, Normal Purchasing, Stock Transfer, Subcontracting
- Digital Signature and Authorization checks
- Purchaser order match
- Invoice Simulation: prices and taxes
- DANFE Simulation
- Logistic Monitor
- Automatic MIGO & MIRO
For S/4HANA Systems

- S/4HANA OP: GRC NFE and SAP Document Compliance, invoice option for Brazil are available
- SAP S/4HANA: only SAP Document Compliance, outbound invoice option for Brazil is available to support NF-e requirements.

2.6 Cost Controlling (CO)

Brazilian companies need to determine the real profit for income tax purposes. For this reason, they need to apply actual costing.

Manufacturing companies are required to use the material ledger to roll up all differences between planned and actual costs to determine the value of work in process, inventory, and cost of goods sold. For this, use of the material ledger is mandatory in ERP.

Similarly, companies in the service industry must use wages and other HR information to valuate the actual cost of projects and services at period end.

Actual Costing / Material Ledger is a functionality used to calculate the real average monthly costs, updating material and stock movements with the same assessed cost. The update is carried out for materials purchased and produced internally.

The WIP Revaluation (Revaluation of Work in Progress) is a complementary solution to the current Actual costing/Material ledger functionality, allowing full absorption of the real cost assessed, updating stock in progress with the average cost, on a monthly basis.

The objective is to safeguard integrity in the assessment of costs in accordance with accounting, tax journals and balance sheets.
3 Human Capital Management Requirements and Payroll for Brazil/America

3.1 Payroll

3.1.1 Introduction

The localization of SAP ERP HCM was developed after a study of the Brazilian labor legislation, in which SAP studied which business scenarios could be customized for use by organizations of all sizes and segments.

Brazilian labor legalization is very complex, our solution does not cover 100% of the laws, for that reason SAP studied which business scenarios where common or could be customized to be applied in several companies.

Labor relations are governed by the CLT (Consolidated Labor Laws) and numerous complementary laws and regulations. The norms and rules described in CLT are as strong as law.

Unions are another important institution that governs labor relations. Employers are organized in unions called Sindicato Patronal (employer union) and employees are organized in unions called Sindicato Trabalhista (employee union).

Once a year, there is a meeting between the unions to define agreements such as salary increase and other benefits. This meeting is called Convenção Coletiva (collective convention). It happens on a fixed date called Data Base.

Brazil has more than 14,000 unions (Sindicatos). Each company follows the agreements defined by its specific union. If there is no common agreement in Convenção Coletiva, the matter is judged by the Regional Labor Tribunal. In this case, the agreement is a Dissídio Coletivo.

The Convenção Coletiva and Dissídio Coletivo agreements are valid for one year, until the next Data Base. Each union has its own date.
If the employer wants to apply a specific procedure in his relationship with his employees, he can negotiate directly with the Sindicato Trabalhista. The agreement between both parties is called Acordo Coletivo (collective agreement).

### 3.1.2 Main Process

The purpose of Payroll is to calculate the remuneration for work done for each employee.

The system calculates the gross and net pay, which comprises the individual payments and deductions that are calculated during a payroll period and are received by an employee. These payments and deductions are included in the calculation of the remuneration using different wage types.

Taxes are also calculated. The most important ones are IRRF (federal income tax), INSS (social security tax) and FGTS (Severance Pay Indemnity Fund).

However, Payroll does not just involve the calculation of remuneration; it also consists of a variety of processes that are becoming increasingly important because of the employer’s obligation to supply benefits and medical welfare. These benefits are products of labor, tax, civil, reporting, and information laws.

The benefit component allows benefit-related deductions and contributions entered in master data to be processed by payroll. The following plan categories are available for Brazil: child allowance, night work bonus, health risk premium, hazard bonus, transportation ticket, food voucher, and so on.

Payroll allows you to perform the following functions:

- Process garnishment payments and corresponding reports.
- Calculate provisions (13th salary and vacation).
- Calculate union contribution.
- Calculate averages.

In addition to regular gross and net payroll, you can use off-cycle payroll for irregular activities such as:

- Advanced payments
- Christmas allowance
- Vacation
- Profit sharing (PLR)
- Termination of labor contract

Correction calculation (for example, in the case of incorrect payments for the previous month or recalculation for previous month without changing calculation of current month) is also possible.

After the remuneration payroll, you can carry out various subsequent activities. For example, you can generate and print the salary statement for the employees, you can evaluate the payroll results to create payment data to transfer to the bank, and you can use the wage type reporter to evaluate wage types that are contained in the payroll results according to your business needs.

Follow-up activities to remuneration payroll includes preparing regulatory and tax reports required by the authorities. Examples of legal reports: CBO, Electronic Register Form, Sefip, GPS, GRRF, DARF, Caged, RAIS, DIRF, Unemployment Insurance, Income Declaration (Informe de Rendimentos), MANAD and eSocial

The payroll results contain information that is relevant for accounting, so Payroll Brazil is integrated with the Financial Accounting and Controlling functions. This allows you to pay your employees and evaluate payroll results.
3.1.3 Off-Cycle Payroll

3.1.3.1 Advanced Payment

Advance payment (adiantamento de salário) refers to the anticipation payment of a percentage of the contractual monthly salary before the regular payroll payment.

This off-cycle payment can be used to set up salary advances for monthly and hourly employees. The system template bases the advance on 40% of the employee’s monthly salary and the number of days worked during the month. Companies can also create criteria to meet specific requirements, since advances of regular payments are not regulated; it is purely the employer’s decision. Some employers advance a percentage of the salary; others advance a fixed amount.

The advances of some special payments are governed by law, for example, vacation advance payment and the first portion of the Christmas Allowance.

3.1.3.2 Christmas Allowance

This off-cycle payment can be used for calculation of the statutory 13th salary (Christmas allowance) given to employees. This amount is based on the employee’s monthly salary and is prorated according to the months he or she worked during the year.

Christmas allowance is a special payment which should be paid by December 20, at the latest.

According to the law, this payment should be done in two parts, or portions. The first portion is equal to half the Christmas allowance, and must be paid by November 20th. Many employers pay the first portion of the Christmas allowance together with vacation.

This bonus corresponds to 1/12 of the remuneration of each month in which the employee works at least 15 days. (The salary used to evaluate the Christmas allowance is the salary valid at the time of the payment.)

Calculation of the Christmas allowance consists of evaluating salary and additional payments. As additional payments vary from month to month, the variable part of the 13th remuneration must be evaluated as a yearly average.

Because the Christmas allowance is paid before regular December payroll, the variable part of the Christmas allowance payment may not be complete because the relevant wages calculated in December payroll, e.g. overtime which is relevant for averages, absences, and so on are not considered. To correct this situation, the employer must pay the difference of the Christmas allowance. This difference must be paid together with the December payroll. According to the law that regulates the pay date, the difference must be paid by January 5.

Important information regarding tax calculation: Income tax on the Christmas allowance is exclusive, it is not cumulated with the income tax related to regular payroll. The social insurance deduction on the Christmas allowance is separate from the regular INSS deduction in payroll.
### 3.1.3.3 Vacation

Vacation is a 30-day remunerated absence plus a bonus (which consists of 1/3 of this payment). According to the law, this payment is made at least two days before the beginning of the vacation.

The employee must work a certain period, called the accrual period. During this period, the employee gains the right to vacation. Usually, the accrual period lasts one year (12 months) and after this period the employee can take 30 days of vacation.

After the end of an accrual period, an eligibility period begins. The eligibility period is the period during which the employee can make use of the vacation entitlement gained during the accrual period. Usually, the eligibility period lasts one year (12 months). When the accrual period ends, a new accrual period starts.

There are some circumstances in which the employee may lose the right to vacation or when the accrual period is shorter than one year.

The notification must be in written form usually known as vacation notice (aviso de férias).

Information regarding taxes: Income tax on a vacation advance payment must be calculated and deducted at the time of payment.

### 3.1.3.4 Profit Sharing

Profit sharing is not ruled by law.

Evaluation of a profit sharing bonus is an agreement between employer, employee, and union (acordo coletivo). Each company (employer) has its own formula for calculating profit sharing bonuses and, as long as the formula is accepted in acordo coletivo, it is legal and valid as law.

The following principles must be included in the agreement, as well as mechanisms for verifying that the agreement was complied with:

- How often PLR should be distributed
- Terms of the agreement
- Agreement revision period

The following basic criteria should also be considered:

- The company’s productivity, quality, or profitability index
- Goals, results, and deadline programs

Profit or result sharing should not replace or complement the payment due to the employee by the company, and distribution should not take place for periods of less than half a year. The amount paid is not considered for social security purposes nor is a percentage deposited in the Severance Premium Reserve Fund (FGTS) account. Income taxes are deducted separately from the monthly payment but are included in the annual statement.
Termination is the end of a work contract.

The termination process is triggered when an employee leaves or gives notice that he or she wants to leave the company, when employer fires the employee, or by unexpected circumstances (employee dies, enterprise goes bankrupt, and so on).

At the end of the work contract, the employee receives all rights that he or she is due up to the leaving date. This has an impact on all other payment processes, such as vacation, Christmas allowance, regular payment, and so on.

The system enables you to define different combinations of termination reasons that trigger the calculation of specific indemnities and deductions that are included in the employee’s final check.

The employee’s rights or indemnities paid on termination are: salary, prior notice, Christmas allowance, vacation, and article 479. (Article 479 is valid only for a limited work contract and is applied when the work contract is interrupted and ended before the agreed end date of the contract.)

An employee may be terminated at any time during the payroll period.

The employee may or may not be entitled to receive the indemnities depending on who initiated the termination employee or employer and the reason for the end of the work contract.

The termination workbench enables the user to execute the entire termination process using just one transaction, when the termination is executed, the workbench allows the employer to perform the following steps:

- Maintain and adjust master data (infotypes).
- Update the employee’s time data, at least up to the termination date. This means time evaluation might be executed when necessary.
- Run payroll to correctly account for the necessary payments (liquidation).

Dismissal protection prevents an employee’s termination in certain circumstances.

Protection reasons for Brazil are:

- CIPA – Internal commission to prevent accidents;
- Union member;
- FGTS council member;
- CNPS – National counsel for social insurance;
- Cooperatives and legal organization managers; Pregnancy;
- Work accident
3.1.4 Detailed Functionalities

3.1.4.1 Provisions

The Provisions function in Payroll includes calculation of earnings and taxes for 13th salary and vacations.

Vacation Provision

The vacation provision reserves money that the employee would receive as vacation pay if the employee took vacation during the calculation period. This reserve is calculated throughout the year and is proportional to the month in which the calculation takes place.

It is calculated based on the employee’s hire date.

Christmas Allowance Provision

The Christmas allowance provision reserves money that the employee will receive at the end of the year.

The Christmas allowance quota is estimated on a monthly basis. Monthly accrual for the Christmas allowance starts in January of each year.

When the Christmas allowance, in November, the advance amount is deducted from the provision.

3.1.4.2 Averages

You can define different rules and criteria for calculating the average salary allocation to which employees who receive variable compensation (such as overtime or a differential for a night shift) may be entitled. You can specify whether the average salary allocation should be adjusted for inflation. You can add the average salary allocation to vacation, termination, 13th salary, or maternity pay. Eligibility for the average salary allowance depends on union rules and the Consolidated Labor Laws (CLT). For each union, you can specify the rules and criteria for calculating the average salary allocation.

The system calculates the average of vacation and Christmas Allowance payments.

For Average of Vacation Payment

The variable part of vacation payment is the average of all additional payments (overtime, night work bonus, commissions, gratuities, and so on).

The time frame for the average calculation is the accrual period.
For each additional payment, the average is the sum of all occurrences of this payment found in the accrual period, divided by the number of months in the accrual period.

**For Average of Christmas Allowance Payment**

The variable part of the 13th salary payment is the average of all variable payments (overtime, night work bonus, commissions, gratuities, and so on).

The time frame for the average calculation is the year to which the Christmas allowance refers.

For each additional payment, the average is the sum of all occurrence of this payment found in the year divided by the number of months in the year (12).

### 3.1.4.3 Divisor 30

In Brazil, salary and valuate absences are calculated based on 30 days, no matter how many days are in the month.

This divisor 30 split is also important for hiring and firing calculation.

**Example**

Workers are hired to receive a monthly amount, independent of the month length. When you need to valuate a wage based on days, you have to use the following concept:

**Daily Contractual Salary**

\[
\text{Daily Contractual Salary} = \frac{\text{Monthly Contractual Salary}}{30}
\]

Monthly Contractual Salary = R$ 3,000.00

\[
\text{Daily Contractual Salary} = \frac{\text{R$ 3,000.00}}{30} = \text{R$ 100.00}
\]

### 3.1.4.4 Garnishment

Garnishment is a judicial decision where an employee periodically pays an amount to an ex-wife or relatives, to provide for their subsistence. The amount varies according to the employee’s possibilities and the beneficiary’s needs.

Three country-specific infotypes were created to handle the business requirements.

The calculation can be one of the following: fixed value, percentage, quantified of minimum salary, or quantify of family salary.

The garnishment paid can be deducted from the income tax base.
3.1.4.5 Union Contribution

Unions are important institutions in Brazil. They can regulate benefits, time management rules and compensation (including annual salary increase – "acordo coletivo/dissídio").

Employees can be associated with a union so certain types of deduction applies. Employers are allowed to make these deductions on behalf of the union.

Through parameter settings, Payroll lets you collect dues such as union, confederate, welfare, and association contributions.

3.1.4.6 Benefit

The Benefit Integration function allows benefit-related deductions and contributions entered in master data to be processed by payroll.

Some of the benefits calculated by the Brazilian solution are:

**Overtime**

If an employee (hourly or monthly) works more than scheduled, the hours that exceed the work schedule should be paid as overtime. According to the CLT, the exceeded hours must be evaluated with an additional of 50% over the employee's usual hourly salary. "Dissídio coletivo" and "acordo coletivo" may determine a different percentage, but it's never lower than 50%.

**Night work bonus**

An employee who works at night (between 10 p.m. and 5 a.m.) has the right to have those hours paid with an additional of 20% over his or her salary hour.

**Additional due unhealthy work environment ("Insalubridade")**

This is an additional payment that should be paid to employees who work under unhealthy circumstances or environment. In CLT, three levels of unhealthy situation are defined: minimum, medium, and high. Each level is assigned a percentage:

- Minimum – 10%
- Medium – 20%
- High – 40%

**Work risk additional ("Periculosidade")**

Employees who work in dangerous circumstances or a dangerous environment have the right to receive an additional amount due work risk. Work risk should not be confused with "insalubridade". Working with explosives, for example, is dangerous and entitles the employee to additional work risk. If employee performs dangerous and unhealthy work, he or she has to decide between "insalubridade" or "periculosidade" additional. "Periculosidade" is 30% of the employee’s contractual salary and does not take other additional payment into account.
Transport tickets
A transport ticket is a ticket printed with a certain value. This ticket is accepted by public transportation as if it is money. Those tickets can only be bought by employers and given to employees. Employers are allowed to deduct the cost of transport tickets from payroll if this cost is not more than 6% of the employee’s salary. If the cost is higher than 6% of contractual salary, then only 6% can be deducted from the employee’s remuneration.

Family allowance ("Salário família")
Family allowance is paid to employees proportional to the number of sons younger than 14, or disabled sons (without age limit).

3.1.4.7 Personal IDs

Brazilian personnel administration is the subject of legal regulation on all levels, including master data and customizing, business logic, and reporting. In terms of system architecture, this means many specific settings, tables, fields, infotypes, and report templates.

A country-specific infotype was created to handle personal IDs. According to labor law, the employee needs to present several documents to the personnel administrator to be hired:

- Work and social security booklet ("Carteira de Trabalho e Previdência Social or CTPS")
- Personal identification card ("Cédula de Identidade").
- Election card ("Título de Eleitor"").
- Military confirmation card ("Certificado de Reservista")
- Student confirmation ("Declaração Escolar")
- Natural person identification card ("Cadastro de Pessoa Física or CPF")
- Civil Identity Registry ("Registro de Identidade Civil or RIC")
- Death Certificate ("Certidão de Óbito")

3.1.4.8 Social Security Tax: INSS

All Brazilian employees must be subscribed to the "Instituto Nacional de Seguridade Social", which is national social security.

The employee’s contribution is a percentage of the total monthly earnings. The percentage is based on the social security table and it varies from 7.5% to 14%. This table contains four percentage ranges that apply for different earning amounts.

A progressive calculation system is applied, so that only the share of income that is in the respective higher contribution rate category is taxed higher.

The social security table can be changed or updated at any time by the social security institute.

INSS Basis ("base de INSS") is the sum of all wage types that are eligible for social security contribution.

For all purposes, the INSS calculation should consider the competency month, which is the month in which the employee should receive the earning. In some companies the payment is done in the next month.
For each month, there is a limit for the employee’s contribution.
INSS deduction over Christmas allowance must be done separately from the regular INSS payroll deduction

3.1.4.9 Severance Pay Indemnity Fund: FGTS

FGTS in English stands for Severance Pay Indemnity Fund.
FGTS is a benefit for all employees and is paid by the employer. It is collected monthly. It is a percentage of the following earnings: employee’s remuneration, Christmas allowance, vacation and notice period. It’s not paid in cash but deposited in a special bank account.
Employees can use the benefit in certain circumstances, for example, to buy their own house or when they are fired.
Depending on the reason for the end of the contract, the employer may have to pay 40% of the FGTS amount to the employee as a penalty.

3.1.4.10 IRRF – Federal Income Tax

Individuals who are tax residents in Brazil are subject to federal income tax.
Brazilian income tax rates for individuals are progressive and range from 7.5% to 27.5% for those liable to taxation. The minimum and maximum of each tax rate level changes each year.
The tax year is a calendar year and income tax returns, for the relevant year, are required to be filed by April 30th following the end of the tax year. Income tax returns are filed electronically to the Brazilian IRS (“Receita Federal”).
The taxation of income in Brazil depends on the individual’s tax residence status. A foreign individual who is considered as a tax resident in Brazil will be treated as a “resident taxpayer”. Individuals who did not trigger a tax residency in Brazil (as per local tax rules) may be considered as a “non-resident taxpayer”.
Taxable income includes wages, salaries, bonuses, consulting fees and commissions, premiums, director’s fees and dividends and interest from foreign sources. It also includes most allowances connected with employment; examples of these are housing, education and home leave. The total taxable income can be deducted by social security tax and a fixed amount per eligible dependent.
Different withholding rates are applied to income received by an employee in relation to the Profit Participation plan.

3.1.4.11 Retrocalculation

Retrocalculation allows you to calculate payroll to pay differences in values already calculated in previous months, as well as adjustments to collecting fees and charges paid to the government.
This type of calculation is needed every time there are amounts that should have been paid/discounted in a period before the current payroll period.

During retrospective accounting, the system compares the employee’s payments and brings them forward to the current payroll period. The results in the original period are not modified because they were already posted and changing them could generate illegal accounting changes.

Retrocalculation might be necessary for any of the following cases, whether or not the employer is at fault:

- Retroactive salary increase;
- Retroactive benefits acquisition or loss;
- Payment for overtime;
- Mistakes, forgetfulness, or negligence involving salary, wages, or benefits;
- Currency changing;
- Economical indexing determination;
- Inflation situation;
- Other situations generated by collective agreements
4 SAP Tax Declaration Framework (TDF)

A long list of regulatory and tax reports is required by the authorities. Some of the legal reports available for the Brazilian localization are:

- Electronic Register Form
- CBO
- SEFIP
- DARF
- CAGED
- GRRF
- DIRF
- Income Declaration
- RAIS
- eSocial

Some of the reports listed above might be replaced in near future by eSocial.

The SAP Tax Declaration Framework (TDF) for Brazil is a HANA based repository to centralize all legal compliance relevant data in a promptly consumable way. It generates the Statutory Report files accordingly to Brazil’s public system of digital bookkeeping (SPED) legislation.

By use of SAP TDF, companies can vastly improve the efficiency of their Tax processing, gain unprecedented insight into fiscal data, which allows improving process quality, reducing risk of non-compliance and fines, improving tax planning and optimizing tax burden.

Central Tax Repository (CTR) The complete tax and fiscal data model (especially the tax objects reusable views) is in HANA and it is called Central Tax Repository, in short CTR.

With CTR all fiscal data from different source system are centralized and consolidated in just one unique place, known as “the single source of truth,” so to make sure that every report from SAP, from Partner solutions, or customer-developed reports will have the same source of data, assuring compliance and governability.

CTR is a collection of tables and views, which exposes the Tax and fiscal data in a business and SPED layout related terminology, making it also easy for usage directly by the business users via Analytics tools.

TDF and certified partner applications consumes the CTR, but is also available for building customer-specific applications taking advantage of the HANA processing speed.

The ACR Brazil has the same context of CTR database but the difference is that the data will be in the same Hana from the ERP environment. On this case only the following SPEDs will be delivered by ACR Brazil: ECD, ECF, EFD ICMS/IPI, EFD Contribuições and REINF.
SAP TDF Add-on

- SPED file generation for ECD, ECF, EFD ICMS/IPI, EFD Contribuições, REINF as TDF native reports.
- SPED eFinanceira, eSocial, and REINF uses the TDF Messaging Framework to communicate required business data events with the governmental services.
- Tax Obligations Monitor (TOM), which supports the users throughout the entire cycle of report compliance, controlling the status of each obligation generated both by TDF or partner software. In addition, the files generated by the applications, as well as other relevant files involved in the compliance process, are stored and recovered securely.
- With Fiscal period control, it is possible to decouple the financial closing from the fiscal closing.
- Fiscal document correction module helps the partner and customer solutions to correct and create documents in the proper source system.
- Process logging and trace offers a set of services, which are useful for analysis, troubleshooting, and auditing purposes.
- TDF-Services consists of integration and interoperability services, enabling partner and customer additions to run seamlessly.

SAP ERP

TDF also made ERP Enhancements to improve the tax and fiscal data quality, from the master data to the transactional processing. By implementing them, customers will have much more governance and control over the daily activities related to tax processing, assuring enriched processes with fiscal intelligence from the start moment:

- Automatic Determination of Tax Code for MM / SD
- Control of CIAP (ICMS Credit for Fixed Assets) – Integrated with Block G with accounting process for ICMS
- Nota Fiscal Writer with Accounting interface – Non-valuated scenarios
- Nota Fiscal automatic creation for Inventory – Adjustment postings
- On-line Validation Engine (Master Data, Logistic and Financial transactions)
5 SuccessFactors

**Employee Central (EC)**

Please look at local information in the corresponding documentation Employee Central Country/Region Specifics.

**Employee Central Payroll (ECP)**

Brazil is one of the countries that is localized for SuccessFactors Employee Central Payroll. All the legal reports and master data developed for the Payroll Solution are also available for SuccessFactors Employee Central Payroll.

Local Infotypes are accessible via Mash-up, that means, that it has a direct access to Employee Central Payroll from Employee Central.

Country/region specifics for Employee Central Payroll can be found under Country/Region Specifics for Employee Central Payroll.
6 Treasury and Risk Manager (TRM)

The SAP Treasury and Risk Management is a complete solution that enable the treasury department to manage financial transactions, enhance operational efficiency and mitigate financial risks.

The solution provides a forecast cash flow accurately, manage liquidity and tools to manage the risks by integrating cash flows, transactions, commodity positions, market data and analyzers tools.

Below are some of SAP Treasury and Risk Management functionalities available for Brazil:

**Bank Deposit Certificate (CDB)**

The Bank Deposit Certificate (CDB) is an interest rate instrument for investments that allows the investor to define the specific terms and conditions of the remuneration ahead of time. The solution provide a flexible structure to create the deals, define business partner, conditions, exponential interest calculation and early repayments. The taxes such as: IOF (tax over financial operations) and IRRF (withholding tax over profit income) are calculated automatically on redemption date. The Localization solution also support the CDB Escalonado (Progressive investment) where as much time the money keep invested, higher it’s profitability (payment rate condition).

**Interest Rate Swaps and Cross-Currency Swaps**

Interest Rate Swaps and Cross-Currency Swaps are derivative instruments to protect the companies against associated market risks such as: Interest rates and Exchange rate currencies (Hedging).

The Localization Brazil solution provide a net value calculation (assets and liabilities) in the payment date and in the accrual (end month closing), and it is subject to income tax return (by regressive table percentage) when there is a profit on payment date. The taxes calculation may vary according to the investment-holding period. Profit accruals, loss and income taxes are accomplished by the reset method and recognized in the short- or long-term account position.

**Investment Funds**

Investment Funds is an investment product for higher remuneration, with a product range to assure greater balance and protection to the investment and with immediate liquidity. The solution support “Come-Cotas” taxes calculation, which is a withholding tax subject to each six-month over the income profit position. Withholding tax calculation are required on the redemption (sales of units) according to the investment-holding period. Income tax rates are defined according to the investment.

The funds portfolio can be defined as short or long term investment. It is subject to tax on financial transactions (IOF) if there are redemptions with an investment-holding period of less than 30 days.

**Intercompany Loans**

Intercompany Loans processes is supported in the Money Market component as Interest rate Instrument. There are two main scenarios supported by the solution and in both cases the are subject of IOF and IRRF, taxes as following:

Intercompany loans based on current account (referred to as “Mútuo - Conta corrente” in Brazil) – In this case, there is a current account that runs between the two companies. There is no end term defined at the beginning of the contract, so it’s possible to change the end date according to the company needs and the increase capital amount and repayments may happen any time like a current account.
Intercompany loans of borrowing type (referred to as “Mútuo Empréstimo” in Brazil) – In this case, there is a direct borrowing between the companies with one company lending to the other company for a fixed term and principal amount defined. In case there is an end term extension, the daily IOF need to be recalculated for the remaining period.

**Parallell conditions and compound interest calculations**

Parallell conditions and compound interest calculation are functionalities available for Brazil.
7 Industries Solutions for Brazil/ Americas

7.1 SAP Contract Accounts Receivable/Payables for Utilities (FI-CA), SAP Contract Accounts Receivable/Payables for Telecommunications (RM-CA), SAP Insurance Collection and Disbursements (FS-CD)

The solution offered by Brazilian localization for Utility, Insurance and Telecommunication companies deal with revenue, collections and payments processes.

Accounts Receivables / Collections

Brazilian localization offers three collection methods and data medium exchange (DME) related to information exchanged between companies and banks:

- Bar Code
- Boleto
- Direct Debit

Bar Code (applicable to IS- Utilities)

The bar code printed on the "Nota Fiscal" contains data required for collection such as expiration, amount, industry sector and bank details. The “Nota Fiscal” is sent to the Business Partner (consumer) who will make the payment at agencies, terminals, at the bank, via internet or telephone.

Boleto (applicable to IS-Utilities/ IS- Telco/ IS- Insurance)

A boleto is a financial instrument that contains all details of the bar code related to the collection. The boleto can be printed on the "Nota Fiscal" (IS- Utilities) or individually.

Situations:

- The company sends the boleto attached to the invoice and a file (DME) is sent to the bank
- The company sends the boleto and DME file to the bank, associates the boleto number and sends the boleto to the customer

Boletos are generated and processed in lots or individually. The DME file is created in FEBRABAN (CNAB240) format.
**Direct Debit**

Direct Debit or automatic debit is a payment method in which the Business Partner authorizes the bank to debit the total amount in the "Nota Fiscal" from their bank account.

The business partner authorizes the bank to process the debit or authorizes the debit at the agency of utilities or telecommunication or insurance companies whom update the register.

The DME format consists in several records in a file that contains details for collection, new direct debit authorizations and new business partner information.

The DME file is created in FEBRABAN (CNAB240) format.

**Accounts Payable/ Disbursements**

Brazilian localization offers the calculation of withholding taxes on Insurance Payments and the payment processes.

**Withholding Taxes**

The business processes covered are:

- Legal Entity (INSS, ISS, IRRF, PIS / COFINS / CSLL)
- Natural Person / Autônomo (INSS, ISS, IRRF)

Withholding Tax rates are defined per benefit type.

The Withholding Tax codes can be defined at contract account, insurance object or at document item.

**Bank Transactions**

DME file created according to FEBRABAN (CNAB240) format.

The disbursements processes are:

- Bank Transfer
- Credit Account
- Boleto
7.2 SAP Billing & Invoicing for Utilities

SAP for Utilities is an Industry Solution developed to respond to requirements of Utility companies of all sizes. SAP for Utilities system is integrated in SAP ECC, focused on sales processes and information that supports Utility and waste company services.

Used in more than 1000 companies all over the world, it ensures a high degree of flexibility and adaptability to meet the requirements of several types of Utility Industries, including generation, transmission, distribution companies and metering services.

The solution complies with Brazilian legal and business requirements such as tax calculation, amount truncation, bank file generation, numbering of “Notas Fiscais”, on-site billing, mini and microgeneration, and tax proration.

Brazilian localization was created with the purpose to fulfill the regulatory Entity’s legal requirements as well as the needs of Brazilian companies’ business.

Tax Calculation and Proration

The solution enables ICMS, PIS and COFINS to be calculated in the invoice, as well as the deduction of PIS/ PASEP, COFINS, CSLL and IRPJ of public sector customers.

As of release 6.0 EhP4, it is possible to prorate ICMS in case there are changes to tax rates and to use alternative parameters for dynamic determination of taxes.

Numbering of “Notas Fiscais”

Numbering of ”Notas Fiscais” was done according to the invoice issue date or the invoice due date, depending on state regulation.

Mini and Microgeneration

As of release 6.0 the following features are available to deal with the electricity compensation system established by Resolução ANEEL nº 482/2012:

- Compensation Prioritization
- Energy credits account maintenance
- Compensation in Billing
On Site Billing

As release 6.0 EhP4, some new functionalities for Brazil were added in order to allow the issuing of bills at the customer site. Functionalities are as follows:

- Numbering of “Notas Fiscais” issued on-site.
- Definition of the calculation hat is preferred in case there are differences between the pre-invoice calculated at the company and the invoice created on-site.
- Making BADI’s available to define the customer’s specific situations.
- Event to deal with tax differences found in billing at the company and billing on-site.

7.3 SAP Customer Relationship Management (SAP CRM)

SAP Customer Relationship Management (SAP CRM) offers several business scenarios and business processes that describe business activities integrated between different SAP components and non-SAP components.

SAP Customer Relationship Management (SAP CRM) includes characteristics and functionalities that support business processes in the following areas:

Marketing
Analyzing, planning, developing and executing all marketing activities through all points of interaction with the customer. This central marketing platform equips professionals with complete business perspectives that enable intelligent decision-making and conducting marketing projects from beginning until end.

Sales
Keeping the focus on the productive activity to acquire, expand and maintain lucrative relationships with the functionality of planning and forecasting sales, territories, accounts, contacts, activities, opportunities, bids, requests, product configuration, price, invoicing and contracts.

Service
Reduce service costs and at the same time improve customer satisfaction through sales and marketing support; services contract; customer service and support; return and depot repair; service management; guarantee and claim management; Installation and maintenance; logistics and finance and analytical service. Call centers, service channel, and e-service offer multiple service delivery channels.

Partner Management
Reach an indirect channel that is more lucrative through partner management and partner channel empowerment. Channel partners and managers will have better recruitment processes, management, communication, marketing channels, forecast channels, collaborative sale, partner order management, service channels.

Interaction Center
Maximizes customer loyalty, reduces costs and increases revenue, transforming its interaction center into a strategic marketing, sales distribution channel and service efforts in all contact channels. Activities are
supported such as telemarketing, telesales, customer service, multifunctional-shared service and interaction center management.

**Web Channel**

Increase sales and reduce transaction costs with the Internet as a valuable tool for sales, marketing and a service channel for companies and consumers. Increase profitability and reach new markets through e-marketing, e-commerce, e-service and web channel analytics. Implement those resources directly in the SAP ERP application or with the SAP CRM as a fully integrated customer channel.

**Communication Management**

Improve contact center and efficiency in communication dependent on the negotiation process and reduce costs through SAP Business Communications Management: the all-software, IP based communication solution, with native integration with the SAP CRM. If the customer contacts the company through telephone, e-mail, chat, text message or fax, the SAP Business Communications Management directs the contact to the most adequate person, whether the person is in the office or working remotely. All of this is done without expensive and complex systems based on communication hardware with a significant reduction in total property costs.

**Real Time Offer Management**

Real Time Offer Management – optimizes any decision-making process in all interaction channels with the customer, to take the most suitable measures to improve the relation- ship with the customer and maximize the life cycle with the customer.

Due to complex legal requirements, the Brazilian localization of SAP CRM is necessary and has been available since 2001, supporting tax calculation in CRM sales orders.

There is no support for stand-alone SAP CRM in Brazil (stand-alone refers to situations in which requests, tax calculations, pricing and invoicing are done on the CRM).

Billing and subsequent creation of “notas fiscais” constitute an essential part of the sales and services process and are vital to assure the company’s revenue flow. In Brazil, a “Nota Fiscal” is an official document and must be created along with the invoicing document.

Brazilian Localization of the SAP CRM supports master data and the creation of a Sales Order with proper tax calculation. Subsequent delivery, billing document and “nota fiscal” are created in SAP ERP.

**7.3.1 Localization Highlights**

- Pricing and tax calculation through the Condition Based Tax (CBT) pricing scheme
- Full integration with SAP ERP Financials
- Billing and creation of “notas fiscais” in SAP ERP
- Improvement of master data (business partner and materials)
7.3.2 Master Data Improvement

- Business location, business partner and material master data can be adapted to comply with localization requirements.
- Specific fields of the Brazilian localization are transferred from the ERP to the CRM as tax classifications.
- The ERP delivery plant is represented in a CRM sales order by a vendor business partner.

7.3.3 Pricing Scheme

- The Condition-Based Tax (CBT) scheme should be implemented in the ERP and subsequently downloaded to the SAP CRM.
- The sales tax calculation considers the tax classifications of the customer and the materials.
- Taxes calculated in CRM are ISS, ICMS, ICMS ST, IPI, PIS and COFINS.

7.3.4 Sales Order in the ERP (CRM 7.0)

In general, customers can use sales orders in the ERP, with CRM web client UI that enables use of both CRM WEB Client UI, as well as CRM B2B Web Shop UI, with the support of SD transactions from the SAP ERP. This capability makes it possible to connect UI SUPPORT LAYERS to the SAP ERP, which enables flexible UI configuration available in standard CRM UIs.

As it is necessary to use the CBT pricing scheme for the CRM in Brazil, customers that do not use CBT are not able to execute the SAP CRM for a background that requires localization. IS Oil & Gas is an example. CBT is not available for Oil & Gas yet due to the complex localization requirements.

Sales Orders in the ERP enable Oil & Gas customers and others who do not use CBT pricing scheme, to use CRM for sales transactions.

7.3.5 CRM Billing (CRM 7.03)

Since CRM 7.03, the Brazil localization integrates SAP CRM with SAP ERP, enabling CRM billing to trigger the creation of the Nota Fiscal.

The CRM sales order uses Customizations and Brazil-specific fields from ERP required for NF creation. ERP still handles the delivery process based on the sales order received from CRM with the localization-specific fields. However, CRM now creates the billing document from the delivery details received from ERP. Nota Fiscal creation takes place in ERP from the CRM billing document. After Government authorization, the NF-e number is updated in the CRM billing document.

Creation of the Nota Fiscal document involves the following main three phases:

- Creation of Sales Order in CRM
• Integration of Sales Order with Delivery in ERP
  ○ When the Service Part Management feature is active in SAP CRM
  ○ When Service Part Management feature is inactive in SAP CRM
• Integration of CRM Billing Document with Nota Fiscal

NF-e numbering keeps being done in ERP, thru NF-e Monitor. CRM Billing document is updated.

Related Information

https://help.sap.com/viewer/c648755e46354b1abc4c8dcd4a342c93/7.0.4.13/en-US/4d851c554079a92de10000000a44538d.html
8 Information Repositories

Country/Region Page

- SAP Globalization Services Local and Language Versions for SAP Products
- You are here à country information à Brazil

Local Version Documents

Brazil

Latest Legal Changes Delivered

https://launchpad.support.sap.com/#/legalchangenotification à country/region: Brazil à

- Component for HCM: PY-BR
- Component for Report: XX-CSC-BR-REP
- Component for TDF: FIN-TMF-BR
- Component for NFE: XX-CSC-BR-NFE, XX-CSC-BR-NFEIN, LOD-LH-NFE, LOD-LH-DCS-IN-BR, SLL-NFE
- Component for SD: XX-CSC-BR-SD
- Component for MM: XX-CSC-BR-MM
- Component for FI-CA: XX-CSC-BR-FICA

S/4HANA CLOUD Brazil at

- Help Portal
- SAP Best Practices and Rapid-Deployment Solutions
- S/4HANA (On Premise)
- SAP Best Practices and Rapid-Deployment Solutions
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