Welcome to eBook – highlights of SAP Country Version Croatia.

SAP Country Version Croatia covers translation, essential general legal requirements, and country-specific functions that are required by most customers or prospects who use, or plan to use, SAP software. It is continuously modified in accordance with legal requirements. Croatia's EU accession process is completed and Croatia became a full EU member as of July 1, 2013. The local version has been amended in parallel with the process of Croatian EU harmonization.

SAP country version Croatia is available as of SAP R/3 4.6C.
After completing this session, you will be able to:

- Outline Croatia localization features in country version Croatia
- Explain Croatia localization features of financials and accounting
- Explain Croatia localization features of fiscalization process
- Explain Croatia localization features of payment by compensation and control books
- Explain Croatia localization features in human resources and payroll
Language translation of the Croatian version is developed and maintained for the agreed software applications at the user interface level. This includes end-user dialogue screens, but not the online help facility.

- The code page necessary for Croatian language is Latin-2 or Unicode. The ISO two-letter language code is HR.
The common legal requirements and the common business practices represent the minimum requirements applicable to all legal entities doing business in the Republic of Croatia (such as balance sheet and profit and loss statements at year-end closing).

SAP Croatia country version responds to legal and business-practice requirements with adjusted modules, functions, or newly developed reports and output files for the following business processes areas:

- Financial and accounting
- Fiscalization
- Payment by compensation and payment preparing
- Foreign trade control books
- Human resources
- Payroll Croatia

Industry solutions have not been localized according to country specifics in Croatia. A few industry solutions have been translated into Croatian language: SAP for Retail, SAP for Oil & Gas, SAP for Utilities, SAP for Mill Products, SAP for Media, and SAP for Telecommunications.
Country Version Croatia

Financials and Accounting
When you first install and customize the SAP country version, you have to set up global settings, country specific settings as well as your organizational units. You can speed up this process using the country template, which helps you set up the organizational units for use in a particular country. **Global settings** refer to:

- Regions
- Calendar settings

The Croatian country version comes with a **country template**, which you can use to set up organizational units for use in Croatia. You can customize your Croatian company codes more quickly by using this template. The main settings in the Croatian country template are listed below:

- Country-specific checks contain rules for checking bank data, postal data, and control data. This data is then checked during master data maintenance. The Croatia country code is defined according to the international ISO standard.
- HR01 indicates a company definition template; in fact, it is an organizational unit in accounting that represents a business organization according to the requirements of commercial law.
- CAHR is a chart of accounts in the Croatian template. It contains a list of 380 G/L accounts that can be used by one or several company codes. For each G/L account, the chart of accounts contains the account number, account name, and information that controls how an account functions and how a G/L account is created in a company code. Significant length of the G/L account number has been set to six characters.
BAHR is a balance sheet structure of the financial statement that is laid out by law in Croatia.

Reference chart of deprecation 0HR is assigned by a system to a company code if you create it using the template for Croatia. When you create a company code using the template for Croatia, you define depreciation keys that are assigned to chart of depreciation 0HR.

VAT

The tax number is used for reporting to the tax authorities. As of January 1st, 2009, the OIB (Personal Identification Number) is implemented and applied on the territory of the Republic of Croatia for every Croatian citizen and legal entity. OIB consists of 11 random digits.

As of 1st July, 2013 OIB with prefix “HR” became the VAT identification number for business entities in Croatia. VAT registration number is 13 digits long. Consists of HR and 11 random digits. It is stored in used for reporting towards EU and is under control of VIES (VAT information exchange system)

Tax procedure TAXHR2 is a part of the Croatian version. With suitable tax indicators, it can satisfy legal reporting requirements in Croatia as well as EU VAT calculation. We would advise using the standard SAP report Advance Return for Tax on Sales/Purchases (RFUMSV00) for basic tax reporting.

Advance Return for Tax on Sales/Purchases (RFUMSV00) is a basic report for VAT statement. It allows you to obtain all necessary data for tax reporting in Croatia from SAP R/3 4.6C. Output lists of individual items and total amounts can be configured according to user’s requirements.

Using standard program RFUVDE00 with assigned Z_3K_VATFORM for Croatia, it is possible to print a VAT form or to create electronic xml VAT form, as required by tax authorities in Croatia. As a prerequisite, you must run RFUMSV00 and create necessary input/output tax reports.

Using standard program RFSAL00 with assigned forms for Croatia, it is possible to print aEC sales and Purchase lists or to create electronic xml files as required by

Tax authorities in Croatia and for the purpose of EC VAT reporting.

Payments

Domestic and foreign payment functionality creates payment orders or a DME file, together with a collective payment order document in HUB3 format, which is acceptable by all banks in Croatia. The HUB3 format was defined by Croatina banks association. In addition to the payment media, the related payment summaries can also be printed.

Payment reference for domestic payment functionality for checking and creating control digits according to the selected model of the reference number is part of the country version. It may be used to check validity of payment reference number according to rules defined by the model used for this reference number. For outgoing payments, the payment reference is passed from payment media to financial institution and from there to the payee. When processing a bank statement, you can use the payment reference to determine which items are paid by the customer.

Bank statement upload enables Croatian-specific input bank statement format, to be converted into SAP's SWIFT MT940 format.
The focalization law came into force in 3 phases. The criteria’s for applying depended on size of company and line of business.

- **As of 1st January, 2013** the law was obligatory for restaurants, shops, cafe shops, big and mid-size companies
- As of **1st April, 2013** the law became mandatory for small companies
- And finally as of **1st July, 2013** the law was mandatory for all legal persons in Croatia.
- Basically the law introduced an obligation for companies to validate all invoices paid in cash (real cash, checks and credit cards) by Tax authority (on-line) issuing unique invoice number (JIR) for each invoice. The JIR must be printed out on invoices before sending or delivering to customer.
Fiscalization law determines:

1. Generation of the invoice number in a legally prescribed structure for all issued invoices. It has impact to all SAP ERP customers and all the outgoing invoices (sales) within SD and FI area.

2. Sending a tax data for each invoice paid in cash to Tax office in order to get JIR (unique invoice number). It has an impact to customers who issue invoices paid in cash (cash defined by Law means the real cash, credit cards and checks). Such an invoices have to be validated by Tax authority. It means the invoices data are transferred into xml file, and after properly signed by electronic signature sent to Tax authority. Prerequisite for it is certificate issued by Financial agency of Croatia. The response of Tax authority results in JIR that has to be printed out on each invoice or bill.

SAP provides the standard solution for generation of fiscal numbers within SD and FI modules. In parallel the cash marked invoices can be transferred to Tax authority.

The JIR number from Tax authority is regularly recorded in SAP.
Country Version Croatia

Payment by Compensation
Control Books
Payment by Compensation and Payment preparing

Payment by compensation is a method of non-cash payments providing the offset of liabilities and claims between creditors and debtors. Compensation includes a large number of creditors and debtors, and their goal is to increase the liquidity. It is widely accepted common business practice in Croatia.

Process of compensation consists of several steps. The first step is compensation proposal initiated by debtor or creditor. Then follows adjustment between business partners. If the agreement has been reached the compensation is carried out followed by documents and clearing open items that are communicated within business partners.

This solution is not available on SAP Service Marketplace. It is delivered only by SAP Croatia.

Import/Export Goods Ledger

According to Croatian law, each import and export transaction must be recorded. The journals in which these transactions are recorded are called goods ledgers (or control books).
Import ledgers are reports of the entire import process, from creation of the purchasing document to financial clearance. Import ledgers are used for financial control of the import transactions. According to Croatian law, each import must be recorded in the ledgers held by the companies.

Export ledgers are reports of the entire export process, from the creation of the sales document (sales order or contract) to financial clearance. Export ledgers are used for financial control of the export transactions. According to Croatian law, each export has to be recorded in ledgers that are held by the companies.

There is a special service in the Croatian Central bank, foreign documentary control, that provides foreign payments control based on import/export goods ledgers data.

This solution is not available on SAP Service Marketplace. It is delivered only by SAP Croatia.
Country Version Croatia

Human Resources and Payroll
The Payroll application for Croatia enables you to process payroll for employees in Croatia in accordance with statutory regulations. It is an integral part of Human Resources and is fully integrated with other ERP functions, such as Financial Accounting and Controlling.

**National Features**

In addition to the standard entry fields, there are additional fields for Croatia. These fields contain all basic personal data that an employer should have about her or his employees, some of which are regulated, such as:

- Municipality code
- JMBG (old identification number)
- OIB (new identification number)
- Identity card data
- Health insurance data
- Pension scheme data
- Work book data
- Social insurance data
Additional entry fields are available for family or dependent data. The dependent type is a basis for the tax allowance calculation.

Special entry fields contain statutory tax data and tax allowance data. Permanent residence should be entered into tax data, because the surtax rates are calculated based on the municipality of permanent residence. Some municipalities have tax, and others have tax and surtax (you can choose from more than 500 municipalities).

Other/previous employers fields are available because Croatian payroll includes data on effective and pension service. Apart from the data on the duration of effective and pension service for an employee, there are also some data fields regarding the employer:
- Employer
- City
- Country key
- Industry (can be customized)
- Job type (Different types of service can be selected: service in the Croatian Army, accelerated retirement scheme, employments abroad, and so on.)

**HR Template**

Croatian payroll localization comes with a set of templates that you can use to set up objects for use in Croatia.

These objects are:
- In PA= info types, templates for personnel area & subarea, employee subgroups, payroll area.
- In TM= public holidays and calendar, absence types, absence quota types and algorithms, work schedules and work schedule rules.
- In PY= wage type models, tables, functions, operations, schemas, rules, indirect evaluation modules.....

You can customize your Croatian payroll more quickly by using these templates. The main settings in the Croatian HR template are:
- Personnel area and personnel subarea: These are the main HR objects in the enterprise structure. Personnel area is an organizational unit in Personnel Administration that represents the subdivision of company code. The HR01 template is delivered as personnel area, and it is connected to Croatian company code HR01. Personnel subarea HR01 represent a subdivision of the personnel area. Using this templates will ensure a solid base for further HR settings.
- Employee subgroup is a division of employee group. All control features of the personnel structure are defined on this level. Employee subgroup “O1” is delivered in Croatian localization.
- Payroll area: HCM uses the payroll area to group employees who should be processed by payroll on the same day, and to determine the precise date of the payroll. O1 is the template payroll area for Croatia.
- Personnel actions facilitate the processing of complex personnel processes. The main processes are covered by the delivered template actions.
- Wage type catalog: Wage types are used to assign payments and deductions, as well as to control the Payroll program. Template wage types are delivered in the wage type catalog. Predefined characteristics ensure calculation and reporting according to legal requirements.
Work schedules define the work patterns for different groups of employees in an enterprise. A valid public holiday calendar is a prerequisite for every work schedule. A work schedule is assigned to each employee, and is prerequisite for payroll calculation. Template work schedule “NORM” is connected to Croatian public holidays and is delivered in Croatian localization.

The absence catalog contain absence types according to Croatian legal regulation and best business practices. Absence catalog a is list of absence types with characteristics for each absence type individually (some of the characteristics are: screen number for data entry, time constraint, minimal or maximal duration limits for absence, absence counting, connection to absence quotas and others). Customer can use absence type from absence catalog to record actual absence period for employee. Absence catalog delivered by SAP is template from which customer can use delivered absence types or create own absence types.

Absence quotas store entitlements to standard annual leave, paid vacation, training, or other absences. Entitlements for these absences can be stored in quotas, from which they are deducted. Algorithms inside absence quotas for Croatia allow creation of annual leave entitlement according to basic vacation (20 days, according to law), working age, education, age of employee, job challenge, salary points, social conditions, and total.

Insurance for regular employees, employees working abroad, beneficiary employees, volunteers, part-timers, or first-time employed is calculated according to legal regulations. Insurance is checked and automatically adjusted on actual published ranges. Minimum and maximum limits for insurances are defined by Croatian government. Amounts are published in official gazette. In SAP this values are stored in the constants in the T511 Constant table. Payroll driver compares values from the table with values per employee in each payroll period. If gross payroll is under the minimum insurance base, the difference from the minimum insurance base is automatically calculated and applied to insurance calculation. For salaries over the monthly or yearly limit, insurance is paid up to the limit.

In case of multiple monthly payments, tax is calculated on monthly level, taking into account all calculated amounts with a pay date in the same month. Croatian localization takes care of tax calculation for employees injured during war.

There are special features in Croatian localization for loans (net deductions). A loan can be defined with or without balance. Balance can be set as increasing or decreasing. Balance is monitored inside payroll to prevent overpayment of the loan. Priority of deduction is a feature that allows the administrator to define the priority of deductions (loans) for the employee. If there is no sufficient net to pay the required loan installment, then installment is not deducted. The installment amount that was not deducted can be saved for reporting purpose. In the following payroll, this amount would be added to the actual loan installment amount and delivered as the required amount to be paid.
The following features are also covered by Croatian payroll localization:

- **Gross-Up calculation**
  
  You can enter a guaranteed net amount in any regular or off-cycle payroll run. This special amount will be grossed-up inside the payroll run using individual insurance and tax calculation rules for each employee.

- **Payment to Second Bank**
  
  Payment to an employee can be made through more than one bank account. This feature is mostly used for detached employees and for execution. Payment to a second bank account is possible in the same currency or different currency.

- **Execution**
  
  Execution includes creation of a protected bank account and automatic calculation of a protected salary that will be transferred to the protected account.

- **Court Order**
When employee sue company and court verdict is in favor of employee, then company usually has to pay some amount to employee. This type of payment is known as “payment according to court order” or shortly “court order”. Court order can be calculated for the current year or previous years. Insurance calculation is performed according to limits for the year in question.

**Regular and Off-Cycle Payroll**

Croatian localization includes functions for regular payroll, off-cycle payments of type A and B, retroactive payroll, and end-year adjustments.

Off-cycle payroll is used for payment of bonus or incentive payments. It can be executed any time during a year, and can belong the current year or previous years.

A minimum salary check is built into Croatian localization.

**Retroactive Accounting**

If you change the master data or time data of an HR master record for a period for which payroll has already been run, the old payroll results must be checked in the next regular payroll run and the payroll run must be repeated. The system automatically creates a retroactive accounting run in the payroll history.

To avoid triggering a retroactive accounting run by each change, the changes are checked for retroactive accounting relevance.

(This means that not all changes in the past will trigger retroactive accounting. When relevant data are changed in the past, then change will trigger retroactive accounting).

The retroactive accounting process takes into account that tax, surtax, and contribution calculations have to be performed in accordance with legal regulations valid on the payday of the current pay period.

Retroactive calculation only affects gross changes.

**Payroll for External Employees**

Additional functionalities in the Croatian version include indirect evaluation modules, special functions and operations created for Croatia, a set of specific customizing tables and views, payroll schema for active employees and payroll schema for externals, special tables created for Croatia in payroll results, and a pay slip template.

Payments for external persons are performed in an off-cycle payroll run according to Croatian legal regulations for externals. Croatian localization covers payments to a supervisory board; payments to domestic or foreign authors with lump sum; payments to artists, independent journalists, sportsman, and authors without lump sum; rent; scholarships; and so on. Each of payment has its own calculation or reporting rules.

Calculation of payments to retired persons, without insurance is also a part of Croatian version. All retired person in Croatia are insured by state. Payment to retired person can be done by a company only if retire person perform some job for the company. Then, payment must not include insurance calculation (and this payments must be reported differently than other payments).
Return on capital and income from ownership are covered in Croatian localization for externals.

**Reporting**

The Croatian HR payroll accounting system contains all payroll evaluation reports regulated by the laws of the Republic of Croatia. It also enables preparation of documentation for banks in various formats. The reports enable efficient evaluation of payroll results and adjustment in accordance with legal regulations.

Reports for payroll evaluation use the data stored in standard HR, as well as the data stored in special fields of the Croatian version.

There are several groups of reports according to topic:

- Reports for externals
- Statistical reports
- End-year overview
- Revision upon payroll run
- Employee reports
- Bank transfer reports
- Wage types report
For more information on topics discussed in this lesson, see the following references:

- SAP Note 425074 for Croatia and all related SAP Notes
- SAP Note 1824825 EU accession Croatia
- Croatian Human Resources, SAP Note 437815
- Standard VAT solution for Croatia, SAP Note 829489
- Tax customizing for Croatia, SAP Note 910363
- Tax books new layout, SAP Note 1883368
- VAT form last version, SAP Note 1897540
- Intrastat reports for Croatia, SAP Note 1845869
- Tax Number: OIB Number for Croatia, SAP Note 1401318
- VAT registration number for Croatia, SAP Note 1871176
- Payment customizing for Croatia, SAP Note 1117252
- Add-on Support Packages for add-on SAP CORE CEE, SAP Note 574323
- service.sap.com/GKB
Related Information
SAP Country Version Croatia

For more information on Fiscalization topic see the following references:

- SAP Note 1867554 (Master note): It has all the SAR files and the latest code corrections. The relevant documents (manual pre/post implementation, user guide, customizing reference and PI documentation) are attached with it.
- SAP Note 1803922: Data Migration note
- SAP Note 1861728: Note for changes to SAP_APPL objects
- SAP Note 1897610: Note introducing a new enhancement definition in the billing program.
- SAP Note 1866465: Note FI – generating Fiscalization specific number of invoice
You should now be able to:

- Outline Croatia localization features in country version Croatia
- Explain Croatia localization features of financials and accounting
- Explain Croatia localization features of fiscalization process
- Explain Croatia localization features of payment by compensation and control books
- Explain Croatia localization features in human resources and payroll
Thank You!

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