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1 Quick Facts

Here you find general information about the Philippines.

Key Strengths

- Supports legal compliance for business transactions
- Advanced compliance reporting for statutory reporting
- Computerized accounting reports (CAS)
- Manage payment receipts
- Supports bill of exchange transactions
- Offers monthly, semi-monthly and off-cycle payroll
- Supports retroactive accounting. This function automatically recalculates payroll in the event of changes to master data and time data in periods for which payroll has been completed.
- Supports employee-self-service

Challenges

- Short-term legislative reforms
- Large number of regulatory forms

Legal Compliance

<table>
<thead>
<tr>
<th></th>
<th>FI/Logistics</th>
<th>Human Capital Management (HCM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law Complexity Ranking</td>
<td>High Complexity</td>
<td>High Complexity</td>
</tr>
<tr>
<td>Frequency of Legal Changes</td>
<td>Dynamic, over the year</td>
<td>Dynamic, over the year</td>
</tr>
<tr>
<td>Official Local Language</td>
<td>English</td>
<td>English</td>
</tr>
</tbody>
</table>

Language

English
2 Recommendations and General Information

For general information refer to local version Philippines.

For more information on the apps for finance in Philippines, refer to the SAP Help Portal

For information on SAP ONE Support Launchpad, refer to SAP Legal Change Notes and SAP ONE Support Launchpad – Legal Change Notifications.
3 Supported Legal Requirements

3.1 Cross-Function Requirements

In Philippines, a company’s head office and each of its branches are required to issue the following documents with sequential numbering, in its own number range:

- Invoices
- Credit memos
- Debit memos

**Note**

The system enables you to do the document numbering according to the business place. If your company does not have any branches, you can configure document numbering in the standard way at the company code level.

Business place is used in countries that, by law, require the tax returns on sales and purchases to be submitted at a level of the business unit or branch. Therefore, companies must register each business place with the tax authorities as the unit responsible for tax reporting.

- In Philippines, some companies must register each of their branches (for example, offices and plants) with the Bureau of Internal Revenue.
- Each business place must report all business transactions involving taxes to the Bureau of Internal Revenue.
- Every accounting document in the system that contains a VAT item must be assigned to a business place

**Prerequisites**

- Complete the Customizing activities for the business place.
- Complete the Customizing activities available under [Cross-Application Components > General Application Functions > Cross-Application Document Numbering > Philippines > Document Numbering](#)

3.2 Financial Accounting (FI)

The FI component covers the most important laws and business practices specific to Philippines. This component includes apps for Accounting Accounts Payable and Accounts Receivable and Bank Accounting.

SAP local version for Philippines supports the local requirements as described in the following sections.
3.2.1 Value Added Tax (VAT)

The local version for Philippines supports the following VAT reports and lists using SAP Advanced Compliance Reporting (ACR).

- Monthly VAT Report 2550M
- Quarterly VAT Report 2550Q
- Sales List
- Purchase List
- Importation List

3.2.1.1 Execute VAT Reports

Prerequisites

Make the necessary settings for generating the VAT Return.

Context

You can use the Run Advanced Compliance Reports app to generate the Philippines VAT Return quarterly and monthly reports.

Procedure

1. On the FIORI Launchpad, select the Run Advanced Compliance Reports app.
2. Enter selection parameters that define the reporting period.
3. Select the PH_VAT_DCL (Philippines VAT Declaration – Monthly) report or the PH_VAT_RTN (Philippines VAT Return – Quarterly) report in the search help of the Report Name field (reporting entity: PH_RPG_ENT (Philippines reporting entity)).

Results

For report PH_VAT_DCL, the app generates monthly VAT declaration report, while for report PH_VAT_RTN, the app generates quarterly VAT return report. For both the reports, the app generates a form with the values that you need to specify while filing your VAT returns using the 2550M (Monthly Value-Added Tax Declaration) and
2550Q (Quarterly Value-Added Tax Return) forms. The analytical view of this format displays data grouped by the fields on the 2550M and 2550Q VAT forms.

The following sections for the VAT forms are supported:

- Schedule 1 (Schedule of Sales/Receipts and Output Tax)
- Schedule 2 (Purchases/Importation of Capital Goods (Aggregate Amount Not Exceeding P1 Million))
- Schedule 3A (Purchases/Importations This Period)
- Schedule 3B (Purchases/Importations Previous Period)

### 3.2.1.2 VAT Summary Lists

The VAT summary list reports or the Relief reports are required by the Bureau of Internal Revenue, Philippines. All documents with value added tax should be included in the report. The report can be generated in a specified period.

You can use the Run Compliance Reports app to generate the VAT Summary lists.

### 3.2.1.3 Processing Summary Lists

**Prerequisites**

The key user responsible for configuration needs to make the necessary settings for generating the VAT summary lists.

**Procedure**

1. On the FIORI Launchpad, select the Run Advanced Compliance Reports app.
2. Enter selection parameters that define the reporting period.
3. Choose the required list, for example, PH_VAT_SLS (Philippines Summary List of Sales) report in the search help of the Report Name field (reporting entity: PH_RPG_ENT).

**Results**

The app generates the report and displays it in section Generated on the screen. You can display the generated data by clicking the row of the generated run. If the run was successful, you can review the data in the DAT, CSV, and ALV files on the Legal Reporting tab, by clicking the link in the Document Name column.
Next Steps

You can also download the generated document to your local computer and submit it to the tax authorities as required. After the file has been generated, submitted to the tax authorities, and the authorities approved it, change the status of the reporting run by choosing the row of the run and then click the Update Submission Status button. Click Yes in the dialog box to change the status to Accepted by Government.

3.2.2 Computerized Accounting Systems (CAS)

The local solution supports the following CAS reports for Philippines. You can use the Run Compliance Reports app to generate the CAS reports.

3.2.2.1 Generating the Reports

Prerequisites

The key user responsible for configuration needs to make the necessary settings for generating the reports.

Procedure

1. On the FIORI Launchpad, select the Run Advanced Compliance Reports app.
2. Enter selection parameters that define the reporting period.
3. Choose the required report, for example, the PH_CAS_PJ (Philippines Computerized Accounting System - Purchase Journal) report in the search help of the Report Name field (reporting entity: PH_RPG_ENT (Philippines reporting entity)).

**Results**

The app generates the run and displays it in section Generated on the screen. You can display the generated data by clicking the row of the generated run.

**Next Steps**

If the run was successful, you can review the data in the TXT file on the Legal Reporting tab, by clicking the link in the Document Name column. You can also download the generated document to your local computer and submit it to the tax authorities as required.

After the file has been generated, submitted to the tax authorities, and the authorities approved it, change the status of the reporting run by choosing the row of the run and then click the Update Submission Status button. Click Yes in the dialog box to change the status to Accepted by Government.

### 3.2.3 Withholding Tax Reporting

The advanced compliance reporting enables you to generate withholding tax report according to your requirements. You can generate the following reports and submit to the tax authorities:

- Certificate of Creditable Tax Withheld at Source- BIR2307
- Expanded Withholding Tax Reporting – Monthly Report - 0619E
- Final Withholding Tax Reporting – Monthly Reports – 0619F

#### 3.2.3.1 Certificate of Creditable Tax Withheld at Source

You can use the Run Compliance Reports app to generate the certificate of creditable withholding tax report.

This report is generated based on the information collected from payment documents for business partners, for example, payment documents, partial payment documents, down payments, bills of exchange, and so on. A PDF certificate (BIR 2307) is generated for viewing all the relevant details and submission to the authorities.
3.2.3.2  Expanded Withholding Tax Reporting

You can use the Run Compliance Reports app to generate the expanded withholding tax report. You need vendor documents to generate the expanded withholding tax report and submit it to the tax authorities on a monthly basis.

**Prerequisites**

The key user responsible for configuration has made the necessary settings for generating the withholding tax.

The Withholding of Creditable Tax at Source or the Expanded Withholding Tax is a tax imposed and prescribed on the items of income payable to natural or juridical persons, residing in the Philippines, by a payor-corporation or person which shall be credited against the income tax liability of the taxpayer for the taxable year. The expanded withholding tax is levied on specific incomes such as, professional or talent fees, rental income on property, payment to contractors, and more.

The report is generated in a TEXT (.DAT) file for 0619E that you can download and submit to the tax authorities.

3.2.3.3  Final Withholding Tax Reporting

You can use the Run Compliance Reports app to generate the final withholding tax report. You need vendor documents to generate the final withholding tax report and submit it to the tax authorities on a monthly basis.

**Prerequisites**

The key user responsible for configuration has made the necessary settings for generating the withholding tax.

The amount of income tax withheld by the withholding agent is considered as a full and final payment of income tax due from the payee of the specific income. The liability for payment of tax rests primarily on the payor as a withholding agent.

The report is generated in a TEXT (.DAT) file for 0619E that you can download and submit to the tax authorities.

3.2.4  Payment Formats and Bank Statements (PH)

Payment formats are used for collecting incoming and outgoing payment data into a predefined format. Bank statements are formats used to import payment data received from the bank.

The available local-specific payment medium formats are described in the following table.

<table>
<thead>
<tr>
<th>Payment Formats</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PH_CGI_XML_CT</td>
<td>The payment format is used for domestic and foreign credit transfers (outgoing payments). The format is based on the ISO 20022 payment initiation message (pain.001.001.03). The payment format corresponds to the specifications made by Common Global Implementation (CGI).</td>
</tr>
<tr>
<td>PH_CGI_XML_DD</td>
<td>The payment format is used for domestic and foreign direct debits (incoming payments). The format is based on the ISO 20022 payment initiation message (pain.008.001.02). The payment format corresponds to the specifications made by Common Global Implementation (CGI).</td>
</tr>
<tr>
<td>PH_MT104</td>
<td>This payment format contains data on direct debit and requests for debit transfer.</td>
</tr>
</tbody>
</table>
Configuration Options for Key Users

You can display the details of the payment formats, as well as import, export, edit, check, and release the formats in the Map Payment Format Data configuration step in the Manage Your Solution app, in Configure Your Solution under Finance > Accounts Payable > Payment Medium Formats > Map Payment Format Data.

3.2.4.1 Payment Formats

Context

You, as an accounts receivable or payable accountant, can use local-specific payment formats for your incoming and outgoing payments in the Philippines.

Procedure

1. Post invoices by using the Create Incoming Invoices app or the Create Outgoing Invoices app.
2. Execute the payment run using the Manage Automatic Payments app.
3. Download the payment medium format using the Manage Payment Media app as described below.
   a. Display the list of the available payment media and choose the relevant row.
   b. Choose Download.
   c. You can save the generated file to your local computer.

3.2.4.2 Bank Statements

Context

You, as a cash specialist, can use the Manage Incoming Payment Files app to manually import bank statements using local-specific electronic payment files.
**Procedure**

1. Open the *Manage Incoming Payment Files* app.
2. Choose *Import*.
3. In the *File Type* field, choose *Bank Statement*, and in the *Format* field, select the electronic payment file you want to use.
4. Choose the plus sign to upload the file you received from the bank.
5. After you have selected the file, choose *Process*.

   The available bank statements are, *CAMT.053, ver 2 (CAMT.053.001.02)* and *MT940*.

**3.2.5 Bills of Exchange**

The Bills of Exchange solution provides the following apps to enables you to record, store, and use bills of exchange and post-dated checks according to your local legal and business requirements.

- **Receive Bills of Exchange [page 12]**
  With this app, you can post a bill of exchange and clear the corresponding receivable when a customer settles payment with a bill of exchange.

- **Bills of Exchange List [page 13]**
  With this app, you can display a list of all your bills of exchange (and post-dated checks) receivable.

- **Bills of Exchange Transactions [page 14]**
  With this app, you can keep written records of the transactions that involve bills of exchange and post-dated checks.

- **Reserve Bills of Exchange Transactions [page 15]**
  With this app, you can reverse postings of bills of exchange receivable that you have made, and any other transactions that you have made using the *Bill of Exchange Transactions* app, except for the bounced bills of exchange that you have cleared from the system.

- **Print of Transactions Records [page 15]**
  With this app, you can print copies of existing transaction records.

**3.2.5.1 Receive Bills of Exchange**

With this app, you can post a bill of exchange and clear the corresponding receivable when a customer settles payment with a bill of exchange.

**Key Features**

You can use this app to perform the following tasks:

- Post a bill of exchange to the customer account
Choose the receivable to be cleared by the bill payment from the customer account

Related Information

Bills of Exchange List [page 13]
Bills of Exchange Transactions [page 14]
Reserve Bills of Exchange Transactions [page 15]
Print of Transactions Records [page 15]

3.2.5.2 Bills of Exchange List

With this app, you can display a list of all your bills of exchange (and post-dated checks) receivable.

Key Features

You can use this app to perform the following tasks:

- Display a list of all your bills of exchange (and post-dated checks) receivable
- Find out the bills of exchange whose due date have elapsed to clear them

Related Information

Receive Bills of Exchange [page 12]
Bills of Exchange Transactions [page 14]
Reserve Bills of Exchange Transactions [page 15]
Print of Transactions Records [page 15]
3.2.5.3 Bills of Exchange Transactions

With this app, you can keep written records of the transactions that involve bills of exchange and post-dated checks.

Prerequisites


Key Features

You can use this app to perform the following tasks:

- Send bills of exchange to banks for collection
- Settle payment with bills of exchange
- Transfer bills of exchange between portfolios
- Record and clear bounced bills of exchange

Parent topic: Bills of Exchange [page 12]

Related Information

Receive Bills of Exchange [page 12]
Bills of Exchange List [page 13]
Reserve Bills of Exchange Transactions [page 15]
Print of Transactions Records [page 15]
3.2.5.4 Reserve Bills of Exchange Transactions

With this app, you can reverse postings of bills of exchange receivable that you have made, and any other transactions that you have made using the Bill of Exchange Transactions app, except for the bounced bills of exchange that you have cleared from the system.

Key Features

You can use this app to perform the following tasks:

- Reverse postings of bills of exchange receivable
- Reverse bill of exchange or check transactions

Parent topic: Bills of Exchange [page 12]

Related Information

Receive Bills of Exchange [page 12]
Bills of Exchange List [page 13]
Bills of Exchange Transactions [page 14]
Print of Transactions Records [page 15]

3.2.5.5 Print of Transactions Records

With this app, you can print copies of existing transaction records.

Parent topic: Bills of Exchange [page 12]

Related Information

Receive Bills of Exchange [page 12]
Bills of Exchange List [page 13]
Bills of Exchange Transactions [page 14]
Reserve Bills of Exchange Transactions [page 15]
3.2.6 Payment Receipts

The Payment Receipts solution provides apps to enable you to create, print, and void payment receipts in Philippines according to your local legal and business requirements.

3.2.6.1 Create Payment Receipts - Philippines

With this app, you can create and print payment receipts such as, the Official Receipt (OR), Acknowledgement Receipt (AR), and Collection Receipt (CR), manually or in batches.

The receipts are printed in the PDF format. For AR, there is no tax information in the printed form. For OR and CR, the form header is financial document and tax information is recorded in the form.

Prerequisites

Define the payment processing procedure and output control details of payment receipts in the Manage Your Solutions app under [Finance] [Localization] [Philippines] [Define Receipt Types].

Key Features

You can use this app to perform the following tasks:

- You can use this app to perform the following tasks:
- Create and print payment receipts manually by filling the fields, such as the company code, customer, and journal entry and by selecting the journal entries.
- Set batch parameters for receipts.
- Create and print receipts in batches with the previously set parameters.
- Display details about each created and printed receipt.
- Display the errors of receipts that fail to be created.

Note

With the manual approach, you can create a payment receipt for one or multiple line items. With the batch approach, you can create a payment receipt for only one time.

Note

The supported device types are – Desktop and Tablet.
3.2.6.2  Manage Payment Receipts - Philippines

With this app, you can print, void and reprint payment receipts.

**Key Features**

You can use this app to perform the following tasks:

- Display details about each created, printed or voided receipt
- Delete receipts
- Print receipts
- Void receipts
- Reprint receipts
4 Human Capital Management Requirements and Payroll for Philippines

4.1 Overview

Human capital management (HCM) localization for Philippines

Human capital management (HCM) localization for Philippines focuses on enabling payroll processing for your employees in line with Philippines legal and business requirements. At the end of payroll processing, your company can produce pay slips and legal reports. You can then submit legal forms to the tax and social security authorities in Philippines.

Payroll processing for Philippines

Payroll processing for Philippines comprises the following local-specific functions:

- Monthly payroll process
- Semi-monthly payroll process
- Retro processing
- Off cycle processing
- End-of-year processing
- Income Tax calculation
- Social Security System (SSS) contribution
- Home Development Mutual Fund (HDMF)
- PhilHealth (NHIP) contribution
- 13th month payment
- De-minimus benefits
- Minimum Wage Earners (MWE)

HCM Reporting

HCM Reporting - SAP Payroll offers number of statutory reports to be submitted to the authorities, including

- Tax monthly remittance report
- SSS monthly and quarterly R-3 collection list
4.2 HCM Master Data for Philippines

To accommodate Philippines specific requirements, there are number of local-specific infotypes and screens available for Philippines.

Reused International Infotypes include:

- 0001 Organizational Assignment
- 0002 Personal Data
- 0006 Addresses (screen 2048)
- 0007 Planned Working Time
- 0008 Basic Pay
- 0009 Bank Details
- 0014 Recurring Payment and Deduction
- 0015 One Time Payment and Deduction
- 0021 Family Member/Dependents (screen 2048)
- 0267 Off-cycle Payment

In addition to the reused international infotypes, there are 5 Philippines specific infotypes, they are:

- 0411 – Taxation
- 0422 – Social Security System (SSS)
- 0423 – Home Development Mutual Fund (HDMF)
- 0596 – Philhealth (NHIP)
- 0634 – Previous Employment

4.2.1 Infotype 0021 (Family Members/Dependents)

In Infotype 0021 (Family Members/Dependents), you can specify if an employee’s dependent is relevant to BIR 2316 Form or not, when the related person need or need not to be mentioned in BIR Form 2316.

Also, you can specify if an employee’s dependent is

- Qualified Dependent Child, when the employee has one or more dependent children. You must select this option only if a child belongs to the category Qualified Dependent Child, as per statutory rules. The maximum number of children that an employee can claim as a Qualified Dependent Child is four. The BIR Form No 2316 will display this information under the section Name of Qualified Dependent Children.
Other Dependents, when the dependent is a related person, and can be classified as Other Dependent of the employee as per the statutory rules. For example, the employee may claim his/her Father as a dependent. BIR Form No. 2316 displays this information under the section Other Dependent.

### 4.2.2 Infotype 0411 (Taxation)

In Infotype 0411 (Taxation), you can maintain the following information for an employee:

- 9-digit Taxpayer Identification Numbers (TIN) which is issued by the Revenue Department
- Employee tax status

The Payroll Philippines requires this information for the calculation of employee tax payment:

- Number of dependents
- Year of issue of the BIR Certificate of Income Tax Withheld on Compensation
- Second job: You can use this infotype to indicate that the employee also holds another job.
- Wife Exemption: Whether the wife of a male employee has an additional exemption for qualified dependent children.
- Employee RDO Code, tax method applied in the last period, and employee region code
- Tax Exemption-MWE: Whether the employee is exempt from paying tax as he or she is a minimum wage earner
4.2.3 Infotype 0422 (Social Security Philippines)

The infotype 0422 (Social Security Philippines) enables you to maintain:

- 10-digit SSS membership number
- Percentage rate the employer contributes to the social security system (SSS) on behalf of the employee.
- Percentage rate an employee contributes towards the social security system (SSS).

<table>
<thead>
<tr>
<th>SSS number</th>
<th>1234567890</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSS Exemption</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employer % contribution details</th>
<th>Employee % contribution details</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS contribution %</td>
<td>5.00</td>
</tr>
<tr>
<td>Medicare contribution %</td>
<td>5.00</td>
</tr>
<tr>
<td>EC contribution %</td>
<td>5.00</td>
</tr>
<tr>
<td>SS contribution %</td>
<td>5.00</td>
</tr>
<tr>
<td>Medicare contribution %</td>
<td>5.00</td>
</tr>
</tbody>
</table>

4.2.4 Infotype 0423 (HDMF Philippines)

The Infotype 0423 (HDMF Philippines) enables you to store:

- HDMF membership numbers for employees
- Pag-IBIG contribution exemption statuses
- Maximum amounts used to calculate employer and employee Pag-IBIG contributions
- Compulsory basis amounts stipulated by the HDMF
- Percentage rates paid by the employer and employee towards Pag-IBIG contributions
- Voluntary contribution details
- Membership program details that are displayed in the HDMF report
- Remarks on the reason why the employee’s HDMF information is changed. When you choose O Others as the reason, you can enter further details in the Reason Details field.
4.2.5 Infotype 0596

As the Philippine Health Insurance Corporation (PhilHealth) came into effect in 1999, it assumed the responsibility of administering the former Medicare program for employees from the Social Security System.

The PhilHealth Philippines Infotype 0596 enables you to maintain Employee PhilHealth numbers and Employee PhilHealth exemption flag. The PhilHealth contribution report RF-1 displays the PhilHealth number. This report is sent to the Philippines Health Insurance Corporation. You enter the number in a 12-digit field. For employees who have not yet been allocated a PhilHealth number, the SAP System displays their 10/11-digit Social Security System (SSS) number in the Employer Quarterly Remittance Report RF-1. Employee PhilHealth exemption flag determines whether an employee is exempt from paying PhilHealth contribution.

4.2.6 Infotype 0634 (Other/Previous Employers)

Usage of the infotype 0634 (Other/Previous Employers) is as follows:

- In tax calculation, the system checks whether previous employment ends in the same year. If yes, tax calculation will use PRD method.
- Previous Employer’s information from IT0634 will be used in BIR Form 2316 and Alphalist report.

4.3 Payroll for Philippines

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

The Gross Payroll component processes employee master data from SAP Personnel Administration and generates wage types and amounts to be used by the Net Payroll component. Pre-tax deductions and earnings are processed in the Gross Payroll component.
Net pay is the amount paid after the deduction of tax and social insurance contributions from gross remuneration.

The Deductions component calculates all payments to third-parties with the exception of taxes and garnishments, which are deducted directly from the employee’s pay. Maximum thresholds for deductions and outstanding payments are taken into account.

Deductions for Philippines includes taxation, Social Security (SSS), Home Development Mutual Fund (HDMF) and PhilHealth (NHIP).

Taxation - The calculation of the amount of tax that an employee must pay to comply with BIR rules. Tax processing for Philippines is divided into 4 steps:

1. In the infotype 0411 (Tax data), you can maintain Philippines-specific tax ID and family allowance, as well as granted tax allowances.
2. The taxation functionality provides the following Tax Calculation Methods for calculating tax deductions over the financial year. They are:
   - PRD (Averaging) Tax method
   - UNI (Uniform) Tax method
   - PRJ (Projection) Tax method
   - PHT (Periodic Withholding) Tax method
   You can assign either of these tax calculation methods to each organizational assignment or grouping in your company. However, the method you choose at the start of the financial year must not be changed during the year. Changes must be made retroactively after the close of the financial year.
3. During payroll, the payroll program processes the following Tax Calculations automatically in the background based on your system configurations:
   - Define Taxation Method for Company
   - Define Tax Status
   - Define Tax Status Exemption Amount
   - Define Annual Salary Brackets
   - Define Period Salary Brackets
   - Define Period Tax Withheld per Salary Bracket
   - Define irregular components for tax projection
   - Define Tax Constants
   - Define Tax Free Annual Limits for De Minimis Benefits
   - Maintain Minimum Wages Per Region
   End-of-year Adjustment will be done when there is tax grouping change and/or termination.
4. The tax reports that provide tax data in line with Philippine legal and business requirements include:
   - Tax Monthly Remittance Reports
   - End-of-Year Statement Reports
   - Alpha List Reports
Social Security System (SSS)

The application calculates SSS contributions and benefits in line with Philippine legal and business requirements. It maintains employee SSS information, calculates employer and employee monthly social security contributions, calculates employee compensation (EC), calculates Medicare contributions up to June 30, 1999, and calculates sickness and maternity payments.

Home Development Mutual Fund (HDMF)

The Philippines HDMF component enables you to process employer and employee Pag-IBIG contributions in line with Philippine legal and business requirements. It processes statutory and voluntary Pag-IBIG contributions and deductions based on your employees’ total pretax earnings. In addition, it calculates Pag-IBIG contributions in the last payroll period of the calendar month or in every payroll run.

PhilHealth (NHIP)

The NHIP component enables you to compute PhilHealth contributions from employer and employee.
Payroll for Philippines

Deductions

<table>
<thead>
<tr>
<th>Taxation</th>
<th>Taxation component calculates the amount of tax that an employee must pay in line with Bureau of Internal Revenue (BIR) rules.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Security System (SSS)</td>
<td>The SSS contributions and benefits in line with Philippines legal and business requirements.</td>
</tr>
<tr>
<td>Home Development Mutual Fund (HDMF)</td>
<td>The HDMF employer and employee Pag-IBIG contributions in line with Philippines legal and business requirements.</td>
</tr>
<tr>
<td>PhilHealth (NHIP)</td>
<td>This computes employer and employee PhilHealth contributions during a payroll run, and deduct the contribution at each period from employee salary or wages.</td>
</tr>
</tbody>
</table>

4.4 HCM Reporting for Philippines

SAP HCM Payroll System provides regulatory and legal reports required by the Philippines authorities. These reports allow efficient evaluation of payroll data and ensure compliance with government regulations. The following Philippines specified legal reports should be submitted to the authorities:

- End of Year Tax Statement BIR2316 (submitting to the Philippines Bureau of Internal Revenue - BIR)
- Social Security EDI Net (submitting to the Philippines social security system - SSS)
- HDMF Membership Registration/Remittance Form (submitting to)
- PhilHealth Report - RF-1 (submitting to the Philippine Health Insurance Corporation - PhilHealth)
- Alphalist Report (submitting to the Philippines Bureau of Internal Revenue - BIR)
5 Information Repositories

Find more information on SAP Globalization Services - Local and Language Versions for SAP Products.
Important Disclaimers and Legal Information

Hyperlinks

Some links are classified by an icon and/or a mouseover text. These links provide additional information.

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