Hello and welcome to this session on SAP country version Slovakia.
After completing this session, you will be able to:

- Understand Slovak localization requirements
- Outline localization features of the Slovak country version
- Explain Slovak features in SAP ERP Financials and SAP ERP Human Capital Management
- Understand solution support and the rollout strategy for Slovakia
First, we will introduce the country-specific implementation for Slovakia. Next, we will look into the various topics specific for Financials and Human Capital Management.
The Slovak Republic is a member of the European Union.

Medium complexity country in areas of finance and accounting:
• Financial localization for Slovakia is based on accounting and tax regulations.
• Financial localization for Slovakia covers the most important laws and business practices.
• Country template documentation explains the country-specific functions and Customizing settings made in the country template.

More complexity in payroll area:
• HCM localization for Slovakia available as add-on installation since SAP R/3 3.0F
• Travel management localization as standard solution since SAP ERP 6.0 EHP 5.0

- The Slovak Republic is a member of the European Union. The legislative framework is similar to other EU member countries. The accounting system is strongly influenced by continental European accounting models, and there is continuous alignment of Slovak accounting practices to International Accounting Standards. Slovakia may be ranked as a country with a medium-complexity accounting and tax environment.
- Localization for Slovakia covers the most important laws and business practices specific to Slovakia, with a focus on financial accounting, banking, and taxation.
- Country template documentation explains how the country-specific functions work and what Customizing settings are included in the country template. It does not cover generic functions, which are described in the rest of the SAP Library.
Let’s start our detailed tour with the finance and operations areas.
In financials and operations, the focused areas of localization are financial accounting and tax regulations.

In Slovakia, accounting is governed by the Act on Accounting, which includes definitions and accounting policies and provides a framework for financial reporting. In addition to the general framework provided by the Act on Accounting, the Ministry of Finance issues standardized charts of accounts and defines the content and format of financial statements. Large companies have to prepare annual accounts in accordance with International Financial Reporting Standards (IFRS).

The tax system in Slovakia consists of direct taxes, including income and real estate tax, and indirect taxes including value-added tax and excise taxes.
The Slovak Republic adopted the euro on January 1, 2009. Previous to December 31, 2008, the Slovak koruna (SKK) was the currency of Slovakia.

The fiscal year is identical to the calendar year. Companies may elect to operate on a fiscal year different from the calendar year, but they must ask tax authorities for permission.

The mandatory legal reports for accounting are balance sheet and income statement. Financial statement report templates and forms are delivered for Slovakia (via SAP Note 179694). The following reports are provided:

- Assets
- Liabilities
- Profit and loss statement
- Non-assigned accounts

In the future, these reports and forms will be delivered with SAP ERP as part of the country version.

Exchange rates have to be updated on a daily basis (SAP Note 1286897).
The Ministry of Finance issues standardized charts of accounts accompanied by detailed instructions on recording specific transactions, for example, debiting and crediting particular account numbers. Companies that are obliged to publish individual financial statements in accordance with IFRS do not have to comply with standardized chart of accounts and instructions. SAP delivers predefined country chart of accounts CASK.

Exchange rates have to be updated on a daily basis, and only exchange rates published by European Central Bank (ECB) from the previous day may be used. You may use an exchange rate program, which enables automatic upload and update of exchange rates published by ECB. See SAP Note 1286897.
Financial Operations
Accounts Payable and Receivable

Data exchange with banks
Payment orders and bank account statements:
- Payment and banking formats supported by local add-on
- Based on DMEE tool
- SAP Note 957032 - Bank interface with DMEE for SAP ECC 6 Czech and Slovak

Foreign currency revaluation of open items:
- Per item revaluation for open payables and receivables in foreign currency.
- Both methods legally allowed (reversal / delta)

Doubtful receivables:
- Creation of correction items for doubtful receivables

Year-end closing postings report

- The interface for banking and payment medium formats is delivered by a local add-on based on the DMEE tool (SAP Note 957032). This add-on contains interfaces for the most frequently used formats. If you have a specific format for your bank, you may implement it using the same DMEE tool. Before you start implementation, check supported formats on SAP Service Marketplace.
- During financial closing, receivables and payables in foreign currency should be revaluated item by item. Standard foreign currency revaluation reports may be used. Both methods of revaluation—reversal and delta—are legally allowed in Slovakia.
- For doubtful receivables, you may create correction posting with support from available functionality, but the rules for write-offs are complex and automatic processing is not possible in all cases.
- There are no country-specific reports delivered in the accounts payable and receivable areas, but it is possible to use a generic template and adjust it to your requirements.
- Closing and opening entries are usually posted as the last step during financial closing. SAP ERP provides functionality for generating year-end closing postings.
Taxes

Tax calculation procedure TAXSK (SAP Note 653544)
- Tax reports:
  - Advance return for tax on sales/purchases
  - EC sales list (SAP Note 1399403)
  - INTRASTAT (SAP Note 806070)
  - Compulsory Declaration of Payments to/from Natural Persons
- Acquisition tax accruals (SAP Note 789853)
- Deduction of input tax (SAP Note 493728)
- Foreign currency translation for tax line items (SAP Note 730466)
- VAT due date functionality (SAP Note 1023317)

Tax procedure and tax codes
Tax calculation procedure TAXSK is delivered with country version Slovakia. For the most recent description of tax procedure and tax code settings, see SAP Note 653544.

VAT return
Standard report RFUMSV00 is used to generate tax return and transfer postings to tax payable. All VAT payers are required to file a periodic VAT return electronically. A VAT return form is usually filed manually, outside of SAP, based on the output of report RFUMSV00.

EC Sales list
EC sales list report in Data Medium Exchange Format is name of the report (RFASLD20) used in Slovakia to generate the EC Sales list in XML format. The report generates the XML file in accordance with the official format specifications from the tax authority, using the delivered DME tree format SK_EC_SALES_XML. You can download the file and submit it to the Slovak tax office.
Compulsory declaration of payments to natural persons

The tax office in Slovakia requires lists of payments made to or by natural persons over a certain period that in total exceed the limit. The limit for 2012 is 5000 EUR for all payments made to natural persons in cash. This limit is set by legislation. In SAP ERP, standard report RFCZZNP0 is used to create the list of payments.

Acquisition tax accruals

In Slovakia, tax authorities require you to post acquisition tax on goods receipts from vendors located in other EU countries by the 15th of the following month, at the latest. This means that if you do not receive an invoice by this date, you calculate the accrued acquisition tax yourself, before you prepare and file the VAT return. For complete documentation, see SAP Note 789853.

Deduction of input VAT

Deduction of input VAT requires special treatment in case of goods import from non-EU countries. According to legislation, in the case of foreign goods import, Slovak companies are allowed to deduct tax only after the amount of tax is paid to the financial authority. For complete documentation, see SAP Note 493728.

Foreign currency translation for tax line items

If the document is posted in foreign currency, the VAT amount has to be translated using the exchange rate that was valid on the supply date. Generally, all document lines have to be translated using the exchange rate that was valid on posting date. The supply date can be different from the posting date only when acquiring goods from vendors located in the EU. As a result, a different exchange rate is used for tax lines and the other document lines. See SAP Note 789853 for more details.

VAT due date

The VAT due date field can be activated for documents and tax reporting in Slovakia. It may be required in cases when the VAT reporting date differs from the document date and posting date. Exchange rate determination for tax line items can be based on the VAT due date.
Fixed assets need to be depreciated for accounting purposes and for tax purposes—so at least two valuation areas are set up.

For the tax depreciation of tangible assets, both straight-line and accelerated methods of depreciation are allowed.

For accelerated tax depreciation, SAP supplies a specific calculation method called declining multi-phase depreciation calculation.

Intangible assets are depreciated on a monthly basis. The tax depreciation of intangible fixed assets equals the accounting depreciation. Activation of new depreciation calculation is strongly recommended to calculate correct monthly depreciation.

The yearly tax depreciation amount should always round up to the next whole number.

Retirement posting has specific rules. For example, different expense accounts should be used for different retirement reasons. This is supported by asset management posting.
In Slovakia, companies that own properties are obliged to process property tax as defined by law. The process includes the calculation of property tax amount, the creation and submission of a property tax return, and a tax payment to the relevant tax administrator.

Each owner of a real estate object (land, building, or apartment) who is registered on the first day of the calendar year is liable for property tax.

The calculation of property tax is based on the master data and Customizing settings. The Property Tax cockpit report enables you to generate a property tax return. The property tax return must be sent to the relevant tax administrator of the municipality by January 31.

The relevant tax administrator is the municipality where the real estate object is geographically located.

The tax administrator checks the real estate object data and the calculated tax amount and, by May 15, sends the tax bill.

The tax bill contains the charged tax amount, the payment due date, and payment reference (such as the number of installments).
Highlights HCM and Payroll
Basic Information and Legislative Environment

Basic information:
- Member of European Union
- Unique personal identification number
- Monthly payroll runs, posting to accounting, statements
- Monthly, quarterly, and yearly reporting
- Annual tax clearing
- Annual offsetting of health insurance

Legislative environment:
- Unstable legislative environment
- Labor relations, performance contract, regular and irregular income

- The Slovak Republic is a member of the European Union.
- Currency EUR4, with four decimal places, is used in Slovak localized payroll.
- Each person has unique personal identification number, which is a basic personal identification code. As such, it belongs in confidential personnel data.
- Payroll is run on a monthly basis with posting into accounting and basic reporting (for example social insurance statement and health insurance statement). However, some quarterly and yearly reports are mandatory (for example, yearly tax report).
- Slovak legislation is more employee-focused than employer-focused in terms of labor laws.
- The legislative environment in The Slovak Republic it is very unstable and is constantly changing. Typically, there are many minor changes during the year and some major changes that are valid from the beginning of the year.
- Slovak legislation strictly defines working conditions, remunerations, allowances, benefits, and absence evaluation.
General Notes About HCM in SAP ERP

Slovak HCM localization in SAP ERP system:
- Payroll localization for The Slovak Republic is available as an add-on installation as of 1998.
  - SAP Note 572252 - Overview note HR-CEE Add-on
- Travel management localization for The Slovak Republic is available as standard solution as of SAP ERP 6.0 EHP 5.0.
  - SAP Note 695067 - Travel management localization for Slovakia

Periodic updates:
- HR-CEE add-on Support Packages are released on a monthly basis.
- SAP Note 524073 - Release strategy for an Add-on HR-CEE

Slovak HCM localization in SAP ERP is available as an add-on installation as of SAP R/3 3.11.
The localization covers changes in the Personnel Administration and Payroll components that are necessary to meet legal payroll requirements. The localization is based on localized standard master data (infotypes) and special Slovak infotypes in Personnel Administration, and on localized payroll with local payroll cluster, local transfer to banking, and localized posting to accounting in the Payroll component. Other HCM modules are not affected by the localization.
The localization of Travel Management for The Slovak Republic is available as a standard solution as of SAP ERP 6.00 EHP 5.0.

SAP provides two options for customers to implement HCM legal changes:
- HR Support Packages
  - Taken into account the unstable Slovak legislative environment, HR-CEE Support Packages are released every month. These provide the latest legal requirements and corrections to HR customers. They include all updates for CEE country versions.
- Country Legal Change Packages
  - CLC Packages represent a new method of delivering HCM legal changes. They are offered in addition to HR-CEE Support Packages. CLC Packages include country-specific legal changes for one country; they enable customers to decide when to implement legal changes for their country versions.
SAP ERP Human Capital Management is a comprehensive, integrated human resources management solution that delivers unmatched global capability. SAP ERP HCM provides features and functions that can help you manage the following business processes:

- **Core HR and payroll main processes:** Streamlined and integrated essential workforce processes such as Personnel Administration, Organizational Management, Time Management, and Payroll enable you to standardize and consolidate all workforce-related processes and data onto a single platform.

- **Talent management:** Support people during every phase of their employment, from recruitment through training, development, and retention.

- **Service delivery:** Ensure that your employees can readily access the critical data, applications, and analytical tools they need to perform their job functions efficiently and effectively.

Many essential integrated workforce processes can be used as provided in the standard, but the core processes Personnel Administration and Payroll have to be localized according to Slovak legislation.

Travel management has been localized according to Slovak localization.
All relevant employee data is stored in infotypes in the Personnel Administration component.

Because of Slovak requirements, the following standard infotypes have to be localized:

- 0002 – Personal data
- 0006 – Addresses
- 0009 – Bank Details
- 0011 – External Transfers
- 0021 – Family Member/Dependents
- 0041 – Date Specifications

The following new local Slovak infotypes have been created:

- 0225 – Tax data
- 0253 – Health and Social Insurance
- 0256 – Previous employer data
- 0257 – Annual tax clearing
- 0621 – Pension/Disability/Allowance
Overall payroll concept:
- Local main personnel calculation schema SK00
- Local personnel calculation rules
- Local payroll functions
- Local payroll operations

Local reporting requirements:
- Health insurance announcement and statement, health insurance overview
- Social insurance statement, social insurance certifications, and social insurance overviews
- Tax overview and tax report
- Annual tax clearing
- Annual offsetting of health insurance
- Mandatory statistical reports
- Wage reports, wage overviews, and recapitulations

- The overall payroll calculation concept is basically the same as that in the standard solution.
- The main personnel calculation schema SK00 is used for Slovak payroll. It is supported by a set of local payroll functions, local personnel calculation rules, and local payroll operations.
- There are many local legal reporting requirements in the reporting area, such as regular reports for health insurance, social insurance, and taxes.
- Standard wage reports and recapitulations are available in SAP ERP HCM. In addition, localized wage reports and recapitulations have been created for Slovak payroll.
### Slovak Payroll Calculation Process

| Gross wage | (basic wage, bonuses, benefits, premiums, overtimes, and so on) |
| Health insurance of employee | (% of gross income, maximum limit) |
| Social insurance of employee | (% of gross income, maximum limit) |
| Tax | (% of tax base) |
| Tax bonus of children |

\[
= \text{Net wage}
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<th>Gross income</th>
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<td>+ Gross wage</td>
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<td>+ Non-cash income</td>
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\[
= \text{Gross income}
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<thead>
<tr>
<th>Gross income</th>
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<tr>
<td>+ Health insurance of employee</td>
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<td>+ Social insurance of employer</td>
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= \text{Wage cost of employer}
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- The monthly gross wage is determined as a sum of basic monthly wages, bonuses (monthly or long-term), premiums (for example, overtime or night work), monetary benefits (additional insurance), and compensations for vacation or other paid absences.
- Non-cash income includes additional benefits (for example, company car or company phone) provided to employees.
- Gross income includes gross wages and non-cash income.
- Taxes and insurance are paid on gross income. Gross income includes gross wages and fictive income that is calculated when an employee uses a company car (or a company phone) for personal purposes.
- Employee health insurance and employer health insurance are calculated from gross income. The gross income is delimited by a maximum (constant) calculation of insurance.
- The social insurances (sickness insurance, old-age insurance, disability insurance, unemployment insurance, and accident insurance) are calculated from gross income, limited by maximum, separately for employee and employer.
- The tax is calculated from gross income, minus health insurance, social insurance, and tax bonus for children.
Related Information

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

- **Country page**
  - [http://service.sap.com/globalization](http://service.sap.com/globalization)
  - **Country information:** Europe ➔ Slovakia
  - **Country information** ➔ [Globalization knowledge base](http://service.sap.com/globalization)

- **Local contact information**
  - [http://www.sap.com/sk](http://www.sap.com/sk)
  - info.slovak@sap.com

- **SAP Education**
  - [http://www.sap.com/sk/services/education](http://www.sap.com/sk/services/education)


For more information on the topics discussed in this lesson, see the references listed here.
SAP Notes Search System

SAP Note 308001 - Slovak local enhancements, general information
SAP Note 572252 - Overview note HR-CEE add-on
SAP Note 695067 - Travel management localization for Slovakia

In the SAP Notes search display, use component: XX-CSC-SK*
If you need only information from a specific area, you can use:
- XX-CSC-SK-FI  Financial Accounting
- XX-CSC-SK-LO  Logistics
- XX-CSC-SK-PS  Public Sector
- XX-CSC-SK-IS-B  Industry-Specific(IS) Component Bank
- XX-CSC-SK-IS-T  IS Component Telecommunication
- XX-CSC-SK-IS-U  IS Component Utilities
- XX-CSC-SK-TR  Treasury
- XX-CSC-SK-FS  Financial Services
- RE-FX-LC-SK  Real Estate Localization Slovakia
- XX-CSC-SK-HR  Human Resources
- XX-CSC-SK-TV  Travel Management

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You can find general information about Slovak localization in SAP Note 308001.
Lesson Summary

You should now be able to:

- Understand Slovak localization requirements
- Outline Slovak localization features in SAP ERP
- Explain Slovak localization features in SAP ERP Financials and SAP ERP Human Capital Management
- Understand solution support and the rollout strategy for Slovakia

You should now be able to:

- Understand Slovak localization requirements
- Outline localization features of the Slovak country version
- Explain Slovak features in SAP ERP Financials and SAP ERP Human Capital Management
- Understand solution support and the rollout strategy for the Slovak country version
Thank You!

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