Hello and welcome to this session on the SAP Country Version Qatar.
We will discuss the specifics of Financial Accounting and Human Capital Management in the Qatar Country Version, how SAP manages legal changes for rollout or documentation paths.
After completing this lesson, you will be able to:

• Describe Qatari Localization requirements
• Outline Qatari Localization features in SAP ERP
• Explain Qatari Localization features in Finance and Human Capital Management
• Discuss solution support and the rollout strategy for Qatar
Let us take a look at the agenda:

- First we will give a quick introduction on the Country Version and discuss what Globalization Services offers for the Qatar

- Next we will discuss some highlights of Financial Accounting regarding:
  - Reporting Standards
  - Payments
  - Withholding Tax
  - Corporate Income Tax

- We will also discuss specifications of Human Capital Management, such as:
  - Personal Administration
  - Time Management
  - Payroll
  - Reporting
The Qatar Country Version has several key strengths and challenges.

- **In terms of key strengths,**
  - The Qatar country version is part of SAP standard country versions since SAP R3/3.1.
  - It supports legal compliance features for various business transactions, enabling businesses to run better.
  - Primary support for these features is provided locally from a highly skilled team.
  - The localization lead can help with inquiries and direct your queries to the right people.
  - Country version Qatar is now operational at most of the top corporations in Qatar, including global business giants across various industries such as public sector, private sector, retail or banking.
  - SAP is also the software of choice in the Public sector.

- **The main challenges that a business may face in Qatar includes the following:**
  - Qatar has a relatively stable regulatory framework, however several special laws apply to specific business sectors such as public and private.
  - Legislative reforms are often unplanned, applied on short notice and in some cases applied retroactively.
  - Interpretation of the law is sometimes unclear and often the technical specification is not always available on time for development.
### Complexity Ranking

<table>
<thead>
<tr>
<th>Complexity Information&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of Legal Changes&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>Dynamic</td>
</tr>
<tr>
<td>Interpretation of Law Text&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>Medium</td>
</tr>
<tr>
<td>Official Local Language(s):</td>
<td>Arabic and English</td>
</tr>
<tr>
<td>Language Acceptance&lt;sup&gt;(4)&lt;/sup&gt;:</td>
<td>Arabic and English (based on the sector and industry)</td>
</tr>
</tbody>
</table>

<sup>(1)</sup> **Complexity Information** – the individual ranking of the implementation effort for each SAP Country Version:
Ranging from “very high complexity” (i.e. very high number of legal changes, difficult to forecast changes, many change dates, major part of SAP portfolio localized) and very complex legal and reporting requirements) to “low or very low complexity” (limited number of legal changes, small SAP Country Version or translation only).

<sup>(2)</sup> **Frequency of Legal Changes** - an estimate by the country representatives of SAP Globalization Services how often legal changes occurred in the past, irrespective of whether they affected the application and/or could be solved easily by customizing. There is no guarantee for these estimations:
Ranging from “very dynamic” (legal changes more than 6 times per year) to “stable” (legal changes less than once a year).

<sup>(3)</sup> **Interpretation of Law Text** - Individual appraisal by country representative of SAP Globalization Services as to ease or difficulty of interpreting the law. There is no guarantee for these appraisals: Ranging from “very difficult” (Expertise of third-party auditors is a must) to “very easy” (very easy to understand the law).

<sup>(4)</sup> **Language Acceptance** - Experience by SAP. Do end users accept only the official languages or is English accepted, too? E.g. warehouse staff might not speak English.
This section will give you an overview of Globalization Services for SAP Middle East and North Africa
There are 3 areas where Globalization Services offers support to SAP Middle East and North Africa customers: Internationalization, Localization and Translation.

The first is Internationalization,
  • It provides the technical environment to operate globally.
  • The SAP system supports many languages and currencies and different time zones.
  • The calendars support both Gregorian and Hijri formats. The Hijri calendar is an Islamic calendar that depicts the duration of each month based on the lunar eclipse.
The second topic relates to Localization.

- Globalization Services provides functionality meeting the market and legal requirements or provides statutory reports for the region.
- For Qatar several features have been developed in order to meet local requirements for both Financial Accounting and Human Capital Management.
- Finally in Translation,
  - The entire User Interface of the SAP solution as well as reports and forms are translated into Arabic and Right to Left is enabled, too.
  - This is important since many government departments require reports and forms to be provided in Arabic.
  - All Local Product Managers are Arabic speakers, thus customer communication about latest features or roll-in of customer needs can be handled smoothly.
Qatar Requirements: Insights

Financial Details Snapshot

Lets have a look at the Qatar requirements. We will dive deeper in the financial part of the Qatar Country Version.
Our first topic covers reporting standards

- In Qatar, there are no accounting regulatory bodies that govern the financial results in Qatar. However, since January 25, 1999, the Qatar Central Bank required banks, financial institutions, and investment companies in Qatar to prepare their financial results in accordance with the IAS with effect from January 1, 1999. Qatar is in the third stage of the adoption process requiring only certain entities to report under IFRS.

- The Gregorian calendar is from January to December is commonly using in Qatar.

- Reporting to Government Bodies is in Arabic language, however it can be submitted in English as well.
The second topic is Bank Accounting:

- In Qatar, the postdated checks are a common form of payment. Post-dated check is a check that contains a maturity date in the future. Unlike bills of exchange or promissory notes, postdated checks normally cannot be endorsed. Typically, companies keep them until the maturity date.

- To process checks, you can use the Bills of Exchange solution originally developed for Turkey.

- Companies in Qatar must use this solution instead of the generic Checks solution or the generic Bills of Exchange solution. The generic Checks solution, for example, cannot handle postdated checks. The generic Bills of Exchange solution, on the other hand, does not allow you to record preprinted check numbers, and does not allow you to process multiple postdated checks simultaneously.

- For more information please refer to the corresponding SAP Note
Withholding Tax

Qatar Withholding Tax

- Maintain Qatar tax details in Vendor master (WHT liability status, Temporary Branch status, Residency status, Commercial Registration details)
- Withholding Tax monthly clearing
- Form 2-1 Withholding Tax Return
- Form 2-2 Withholding Tax Certificate
- Form 2-3 Withholding Tax refund
- SAP Notes: 1809362, 1935008, 1973623, 2029345, 2034885

Tax card validity check

- Maintain the tax card details in Vendor master
- SAP Note: 2029345

Retention scenario

- Retention will apply only to the last payment or 3% of the contract value mentioned above if higher.
- SAP Note: 2029345

- As the third topic we will discuss Withholding Tax:

  **Qatar Withholding Tax**: According to Qatar tax law (Law No. 21 of 2009), payments made for services performed wholly or partly in Qatar are subject to withholding taxes - in the case of taxpayers not registered in the Commercial Register or registered for an activity or a project which lasts less than one year. You have to define Qatar tax details in vendor master (WHT liability status, Temporary Branch status, Residency status, Commercial Registration details).

  The tax amount withheld from various service providers during a month is remitted to the tax authorities on or before the sixteenth day of the following month. Therefore, all open withholding tax line items are cleared on a monthly basis. You can reverse the withholding tax for any reason.

  - The system generates withholding tax returns statements based on the tax payment code created during monthly clearing cycle.
  - The system generates withholding tax certificates that contain details on the tax amount withheld from vendors for their services, under a specific contract or purchase order. Companies issue a withholding tax certificate to a vendor only if a vendor requests it. A vendor can use this certificate as a proof for tax payment.
  - The system generates a request form for the refund of tax amount paid to the tax authorities if the amount withheld from you is more than the actual applicable tax rate.

  **Tax card validity check**: The system manages the checking of the validity of tax cards for each vendor, the validity checking will occur during the payment process. The blocking of last payment will be applied when the tax card has expired and the branch is permanent in Qatar. But in case of the tax card is expired and the branch is not permanent in Qatar and the period of its activity is at least one year, the system will block all payments for this vendor.

  **Retention Calculations**: as per the Qatari law, the retention shall apply only to the last payment or 3% of the contract value mentioned above, if it is higher. The solution is handling this checking by blocking the last payment or 3% of the contract value, in case of the vendor is non resident in Qatar and has a temporary branch and the period of it activity is at least one year.
The final topic is Corporate Income Tax:

- **Qatar Corporate Income Tax** is defined according to Qatar tax law (Law No. 21 of 2009), **Tax rate**: As stated in the income tax law, the tax rate is 10% of taxable income with the exception of petroleum activities, which are subject to a 35% rate

- **Qatar Depreciation of Fixed Assets**: In some cases where it appears that the collection of tax from the company / taxpayer is threatened of loss, the tax director may request the company to submit provision seize of the company’s properties. The property shall be deemed to be provisionally seized as of the date of notification (to be keyed in by the user at the report selection screen). Accordingly, this is a key statement to be submitted for this purpose. The system calculates the value of tax deductible depreciations and non-deductible depreciations for both individual assets and group assets. The statement number one contains two parts, the first part of the depreciation statement containing the depreciation details of group assets and the second part contains the depreciation details of individual assets.

- **Qatar Provision Statement**: A company will be requested to submit another assessment (Statement #2) for the provisions for doubtful debts for banks and other provisions to be considered by tax authorities while evaluating the company position to pay the tax dues.

- **Income Tax**: The system generates the form number three, income tax return, in order to get the balance amount in all general ledger (G/L) accounts that contribute to calculating the taxable income of a company. It also displays other significant elements of a company balance sheet such as details of assets, liabilities and shareholder’s equities for the specified fiscal year. The companies are either the ones registered in Qatar or other permanent establishments of foreign companies in Qatar.
Qatar Requirements: Insights

HCM Details Snapshot

Now let's move to the localization part related to HR and Payroll
We will start talking about localization made in the Personal Administration area:

The localization under this area is covering mainly the following 2 categories: Country specific fields and Personal Action.

Country specific fields have been added in different info types as follows:

- **Persona Data** like Full Arabic Name, Sponsor ID, Legal Profession, Home Airport
- **Personal IDs** like Qatari ID Card, Driving License, Health Card and Work Permit
- **Original Personal IDs**. There is a field called "Kept by" where the original passport or any other ID’s are kept by whom
- **Leave Passage** like Tickets Class and No. of Tickets for Employee and Dependents
- **Social Insurance** like General Retirement & Pension Authority (GRPA) start contribution date and Social Insurance Number
- **Others** like IBAN generation in Bank Info and address details and Petty Cash maintains and settlement

Personal Actions:

- Actions templates for Hiring, Termination, Organization Re-Assignment, Rehiring, Promotion
- All actions are also available as HR Processes based on Roadmap Forms

Personal Actions templates are also available for Hiring, Termination, Organization Re-Assignment, Rehiring and Promotion.

Please note that all actions are now available as HR Processes based on Roadmap Forms (to learn more, please read about HR Renewal 2.0)
The second area that has been localized is the payroll.

In payroll localization SAP has added the following features:

- Standard wage types are defined as per Qatar norms such as: Basic pay, Housing allowance and Transportation allowance
- Payroll rounding and rounding recovery is also supported
- End of service calculation per Qatar labor law including provisioning calculation on monthly regular payroll
- Overtime calculation with different rates based on the day types (working days or weekends, etc…)
- Applying net deductions limits and Arrears carryover are also supported
- Deduction for Social Insurance contribution in funds like GRPA for Qatar and GCC nationals
- Off-cycle payroll, including predefined reasons for advance leave payments different scenarios in addition to different recovery options
- Petty Cash maintains and settlement calculation against all spent records type.
Now let’s move to third area which is Time Management.

Regarding Absences, we have focused on localizing 3 main types of leaves, which are Annual, Sick and Maternity, however we have delivered other absence types as well like Hijri Leave or Work Injury.

In general a new functionality has been delivered named “Leave Conditions Check” that can help in setting validation rules for any absence type in general.

Regarding Annual Leave, by default Accruals starts from probation period end and provisioning gets calculated every month based on accruals and usage.

Regarding Sick Leave, absence distribution predefined rules are delivered like full paid or partial paid.

Regarding Maternity Leave, customization is delivered in order to control payment based on seniority.

Additional functionality has also been delivered to cover a contractual part related to tickets entitlement for the employee and his dependents having the following features:

- Flight tickets provisioning based on ticket fare
- Ticket fare as per class and destination to home airport
- Flight tickets value can be issued or encashed.
Now we have reached the last part that has been subject to localization: The reporting

Some key reports and forms have been delivered such as:

- Legal Forms used for reporting to **Ministry of Labor and Occupational Hazards**
- Remuneration Statement used for payroll slip
- Qatarization Report is used to monitor percentage of Qatar nationals employed in the organization
- Document Expiry report to monitor critical documents before they get expired like residence visa and labor card
Now let us give you some recommendations and additional information.
Please keep in mind the following recommendations for the Qatar Country Version:

- First and most important, the Qatar Country Version is not a “do it yourself” solution. With the level of complexity involved and the complex regulatory framework, it is recommended to have experts onboard from the beginning.
- There is definitely some expert knowledge required on global templates.
- We strongly recommend that you upgrade to the minimum support package level for the Qatar Country Version.
- User training is critical for a successful Qatar Country Version implementation.
Also we recommend close contact with the SIG MENA User group.

Customer focus has always been a key to SAP's success. The Special Interest Group for Middle East and North Africa, takes it to the next level by providing customers a platform to participate in the SAP development process.

SUGMENA is a collaboration and feedback channel, and a platform for sharing best practices and information. In addition SUGMENA serves as a channel for the Middle East and North Africa team to collaborate closely with customers. There are focus influence programs form Middle East and North Africa localization topics where SAP customers share knowledge and best practices.
You can find additional information at the sites listed here.

**Additional Information**

**SAP standard documentation (SAP Library Documentation for Qatar)**

help.sap.com

**Country page in SAP Service Marketplace**

https://service.sap.com/Globalization → Country Information → Middle East and Africa

**Legal change planning information**

https://service.sap.com/Globalization → Country Information → Legal Changes

**Release supported**

Standard in all releases in mainstream maintenance

**Customer service**

(XX-CSC-QA) for FI problems
(PY-QA) for HR/Payroll problems for Private Sector
(PY-QA-PS) for HR/Payroll problems for Public Sector
(PA-PA-QA) for HR/Personnel Administration problems
You should now be able to:

- Describe Qatar localization requirements
- Outline Qatar localization feature in SAP ERP
- Explain Qatar localization feature in Finance
- Explain Qatar localization feature in Human Capital Management
- Discuss solution support and the rollout strategy for Qatar
Here is some extra information that may help during the implementation of the Qatar country version.
Thank you very much!

For questions, please contact globalization@sap.com.
No part of this publication may be reproduced or transmitted in any form or for any purpose without the express permission of SAP SE or an SAP affiliate company.

SAP and other SAP products and services mentioned herein as well as their respective logos are trademarks or registered trademarks of SAP SE (or an SAP affiliate company) in Germany and other countries. Please see http://global12.sap.com/corporate-en/legal/copyright/index.epx for additional trademark information and notices.

Some software products marketed by SAP SE and its distributors contain proprietary software components of other software vendors.

National product specifications may vary.

These materials are provided by SAP SE or an SAP affiliate company for informational purposes only, without representation or warranty of any kind, and SAP SE or its affiliated companies shall not be liable for errors or omissions with respect to the materials. The only warranties for SAP SE or SAP affiliate company products and services are those that are set forth in the express warranty statements accompanying such products and services, if any. Nothing herein should be construed as constituting an additional warranty.

In particular, SAP SE or its affiliated companies have no obligation to pursue any course of business outlined in this document or any related presentation, or to develop or release any functionality mentioned therein. This document, or any related presentation, and SAP SE’s or its affiliated companies’ strategy and possible future developments, products, and/or platform directions and functionality are all subject to change and may be changed by SAP SE or its affiliated companies at any time for any reason without notice. The information in this document is not a commitment, promise, or legal obligation to deliver any material, code, or functionality. All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates, and they should not be relied upon in making purchasing decisions.