Hello and welcome to this session on SAP ERP Human Capital Management, country version Romania.
Lesson Objectives

At the end of this lesson, you will be able to:

- Give an overview of SAP ERP Human Capital Management in country version Romania
- Explain Romania-specific functionalities of SAP ERP Human Capital Management

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- Give an overview of SAP ERP Human Capital Management in country version Romania
- Explain Romania-specific functionalities of SAP ERP Human Capital Management
Here is the agenda.

First we will provide a short introduction to the Romanian legislative environment and the implementation of SAP ERP Human Capital Management for Romania.

After that, we will look at the core localization topics of Human Capital Management: Personnel Administration, Payroll and Reporting.

Finally, we will talk about Employee Self-Service localization for Romania.
Country Version Romania

Introduction

Let's start with some general information about the SAP country version for Romania
Romania has been a member of the European Union since January 1, 2007, which helps Romanian law to evolve towards international standards and stability. But still, Romanian legal regulations change often, and are sometimes open to interpretation. Romania is ranked as a high-complexity country in the Human Capital Management area.

The local language is Romanian. This language’s specific characteristics require the use of Unicode or code page Latin-2. The ISO two-letter language code is RO. The local currency is RON (Romanian currency).

The localization of SAP ERP Human Capital Management for Romania is part of add-on HR-CEE, which delivers localizations for Bulgaria, Czech Republic, Croatia, Colombia, Greece, Hungary, Poland, Romania, Slovenia, Slovakia, Turkey, and Ukraine.

The localization is modification-free, which means that there is no technical conflict between the standard delivery of SAP ERP Human Capital Management and the HR-CEE add-on.

It is possible to implement payroll for standard countries (such as Germany and France) in one system, together with HR-CEE countries such as Romania, Poland, and the Czech Republic.

The localization of SAP Human Capital Management for Romania has been used by SAP customers since the beginning of 2006.
Support Packages for the HR-CEE add-on are released monthly. All changes delivered with the Support Packages are documented in SAP Notes in English.

CLC Packages are a new method of delivering HCM legal changes. They are offered in addition to HCM Support Packages. CLC Packages include country-specific legal changes—one CLC Package per country—and they enable customers to decide when to implement legal changes for their country versions.

Additionally, all legal changes developed by SAP are announced on the SAP Service Marketplace.

You can download the Human Capital Management documentation of the Romanian country version from the SAP Service Marketplace.
Now let’s look at some highlights of the Human Capital Management part of the country version for Romania.
According to the provisions of Government Emergency Ordinance no. 117/2010, starting on January 1, 2011, the Romanian fiscal code also regulates the social contributions that are extensively described under the newly introduced title “Mandatory Social Contributions.” The main provisions contained in Title IX2—Mandatory Social Contributions—refer to the following:

- Enumeration of all mandatory social contributions
- Definition of tax payers to the social security system
- Explanations about calculation and payment of social contributions
- Specifications about how to submit the statement to the authorities
- Other regulations

Government Emergency Ordinance no. 117/2010 also amends the provisions contained in the social security legislation regarding declarative obligations according to which only one declaration should be submitted on the payment of social contributions, income tax, and the nominal record of the insured, introduced by Government Resolution no. 1397/2010. Also, Government Emergency Ordinance no. 117/2010 amends some provisions regarding the calculation method for social contributions, in order to harmonize it with the newly introduced Title IX2 of the Fiscal Code, namely:

- Law 76 / 2002 on the unemployment insurance system and stimulation of employment
- Law 263/2010 regarding the unitary public pension system
- Law 95/2006 regarding the health reform with current changes
- Government Emergency Ordinance 158/2005 regarding sick leave and social health insurance indemnity
- Law 346/2002 on occupational disease and accident insurance
- Law 200/2006 on the formation and use of the fund securing payment of salary debts
According to Law no. 448/2006 regarding the protection and support of a handicapped person’s individual rights, the authorities, public institutions, and legal entities—either private or public—that have at least 50 employees shall be bound to hire disabled persons representing at least 4% of the total number of employees. If companies do not hire disabled persons, they may choose to fulfill one of the following obligations:

1. Pay to the state budget, on a monthly basis, an amount representing 50% of the gross minimum national salary multiplied by the number of positions for which they failed to hire disabled persons.

2. Acquire products or services from authorized protected units, on a partnership basis, in an amount equivalent to the amount due to the state budget under subparagraph (1).

Law no. 40/2011 adds significant amendments to the Labour Code, many of which are meant to ensure a greater adjustment level for labor relations.

The main amendments to the Labour Code refer to provisions regarding the trial period, employment contracts concluded for a determinate period of time, work done through a temporary work agency, extra pay for work at night, internal regulations, and sanctions applicable for infringement of legal provisions.
Government Decision no. 500 from May 2011 refers to the method for preparing and filling the Employee’s General Register (ReviSal). According to this regulation, each employer has a legal obligation to prepare a general employee register and communicate it to the territorial labor inspectorate, as well as to present it to labor inspectors upon their request. The register is filled and sent by one or more persons appointed by written decision of the employer.

Also, the employer has the obligation to maintain a personal file for each employee. Such personal file should include documents required for employment, labor contract, addenda and other documents related to any amendment of the labor contract, documents related to suspension and termination, education diplomas and other qualification certifications, as well any other necessary document required for attesting to the authenticity and accuracy of the data included into the Employee’s General Register.

In Romania, official statistics are organized and function based on Law no. 226/2009.

The law regulates the establishment, development, and coordination of a national statistics system for systematic and programmed drafting of official statistics. The scope of the regulations is to formulate, enforce, modernize, and assess national policies, as well as national and local development plans, in agreement with the provisions of the Council Regulation no. 322/1997 on community statistics, and with the European statistics practice.

For further details, refer to Law no. 226/2009. All updates to statistical reports and methodological norms are published on the National Institute of Statistics Web site. The links shown here point to more specific information.

For more details about the topics presented, refer to the links shown here:

- Fiscal Authority (first link)
- Finance Minister (second link)
- Labour Minister (third link)
- Labour Inspection (fourth link)
- National Institute of Statistics (fifth link)
Human Capital Management Highlights
Personnel Administration

Standard infotypes with Romanian dynpro
- IT 0001 Organizational Assignment
- IT 0002 Personal Data
- IT 0006 Addresses
- IT 0009 Bank Details
- IT 0011 External Bank Transfers
- IT 0016 Contract Elements
- IT 0021 Family Member/Dependents
- IT 0033 Statistics
- IT 0041 Date Specifications
- IT 0185 Personal IDs

Local Romanian infotypes
- IT 0518 Fiscal Statement
- IT 0519 Tax and Contribution Data at Employee Level

Next, let’s explore the Romanian Human Capital Management add-ons to the SAP ERP HCM standard.

Personnel Administration serves as employee-related master data storage for all other Human Capital Management modules. For Romania, this had to be enhanced to meet local requirements.

The following were localized in Personnel Administration:
- Standard infotypes with Romanian dynpro
- Local Romanian infotypes
- Local specifics in other standard infotypes
- Local code tables
- Local customization tables

Standard infotypes with local Romanian dynpro were used if the main functionality of the infotype was the same, but it was necessary to add some fields or change the logic to support local needs. This was the case, for example, for the Personal data infotype and the Addresses infotype.

In some cases, however, it was necessary to create completely a new infotype to cover a special legal requirement, such as tax and social contribution data or fiscal statements.
Local specifics in other standard infotypes

- IT 0000 Actions (0000)
- IT 0004 Challenge (0004)
- IT 0008 Basic pay (0008)
- IT 0014 Recurring payments/deductions (0014)
- IT 0015 Additional payments (0015)
- IT 0080 Maternity protection/parental leave (0080)
- IT 0081 Military service (0081)
- IT 0082 Additional Absence Data
- IT 0267 One-Time Payments Off-Cycle (0267)
- IT 2001 Absences (2001)

Other local specifics were ensured using standard infotypes, but with local subtypes or different uses for certain fields.

Several local code tables were created to maintain locally specific data, both for Personnel Administration and for Payroll.

Along with new customization related to local Romanian infotypes, it was also included customization in some other areas, for example, to meet local reporting requirements.
In Romania, all employees receive their payment once per calendar month. No other regular periods are used. However, along with regular payroll, companies execute additional ad-hoc payments, such as bonuses, using an SAP function known as off-cycle payroll type A.

The overall payroll calculation concept in Romania is basically the same as that in the standard solution. However, to meet local requirements, it was necessary to create a special Romanian payroll driver. This driver is configurable with a Romanian payroll schema and is supported by a set of local functions, personnel calculation rules and operations. This delivered standard schema is a template for customer schemas. In the local payroll, the Romanian schema is usually copied into the customer schema, where the customer can implement their own requirements without harming the original Romanian payroll schema.

The gross income is determined as the sum of the monthly basic pay, various bonuses that are assigned during the month (for example for overtime; night work; seniority; Saturday, Sunday, and public holiday work; or difficult conditions), and benefits (such as a company car or a company mobile phone) and compensation (for vacation, sick leave paid by the employer, or other paid leave).

When the user calculates a sick leave introduced in infotype 2001, the absence is split into pieces according to the number of days supported by the employer or by the health fund. Wage types are defined for each absence; every absence has its own calculation algorithm.
Sick leave, vacation, and other paid absences are calculated using averages. In a normal situation, the averages are calculated automatically from the past periods.

If, for some reason, the company needs to introduce a different kind of average calculation, they can use a wage type defined by SAP (such as average for vacation wage type, average for sick leave wage type, and average time the employee was at work). If an employee has some paid absences, these absences are valued using the As-If principle.

The gross-up salary is calculated for the basic pay and for a bonus. The calculation of basic pay is a separate process that converts the required net pay to a gross value that is entered manually into infotype 0008 for the live payroll run. On the other hand, gross-up of bonus is integrated into the standard payroll calculation.

Monthly net income is calculated as gross income minus individual social contributions, which are unemployment, pension and health.

Monthly tax is calculated by applying a tax rate to a tax income. Tax income is determined as the difference between monthly net income and the following:

- Personal deduction accorded for the respective month
- Union fee paid in the respective month
- Contributions to voluntary pension funds, which may not exceed the yearly limit stipulated in Romanian fiscal code

The employee’s personal deduction is based on fixed amounts that depend on the number of persons in the employee’s care. This applies to employees who have a gross monthly income under 1000 RON (for example, 250 RON for no persons in employee’s care, 350 RON for one person in employee’s care, and so on).

For those who have gross monthly salary income between 1,000,01 and 3,000 RON, personal deductions also depend on the number of persons in the employee’s care, but these deductions are regressive. For example, for employees who have monthly gross income between 1160 and 1239 RON and no persons in care, the value of personal deduction is 230 RON. For employees who have monthly gross income between 1115 and 1171 RON and one person in care, the value of the personal deduction is 330 RON). The calculation algorithm of personal deductions is stipulated in Order 1016/2005.

If the employee’s gross monthly income is over 3000 RON, personal deductions are no longer taken.

Persons in the employee’s care may include children, a spouse, or other family members whose incomes do not exceed monthly 250 RON. Dependents are persons without incomes and may include a spouse, wife and parents. If these dependents are in the employee’s care, they can benefit from health services without paying a health contribution.
An employee’s income may be tax-free if, for example, the employee is handicapped. Certain deductions, such as union fees or a voluntary pension, are also tax-free.

Net payment is monthly net income minus tax.

Statutory net payment is the difference between monthly net payment, advances, and other deductions (such as union fee, loans, garnishments, or guaranties).

Advances and deductions are also called “external transfers” and are deducted from an employee’s net payment. Romanian law takes individual priorities into consideration when determining deductions. According to Romanian Labour Code, the deductions cannot be higher than one-third of net monthly payment and—together with the other rates—cannot exceed half of net wages. If the net payment is less than the deduction, the deduction is not taken. You can use localized programs (for example, the Regular Advance report) to calculate salary advances.
Of course, the employer must also pay to the authorities all social contributions stipulated into Romanian fiscal code, including:

- Unemployment
- Pension contribution
- Health contribution
- Contribution for work accidents and illness or disease contracted in the workplace
- Contribution for health social insurance sick leaves and indemnities
- Contribution to guarantee fund for payment of salary
- Contribution for not hiring persons with disabilities

Retroactive accounting can be full or delta-forward. In full retroactive accounting, if a modification is made in the past, the system will recalculate everything based on the modification for each month from the past. In delta mode, the contributions and taxes in the past months will not be affected; the elements of the gross will be recalculated according to the modifications. The difference between the previous gross amount and the new gross amount will be recorded, for all the affected months, in the current month.

Full mode is the default. Delta mode is used, for example, if employees have to receive additional income—determined under final and binding court decisions—representing salary payments or salary payment differences. In this case, social contributions are calculated and withheld from payment at the payment date.
In the reporting area, localization responds to many local legal reporting requirements.

Romanian localization includes:
- Typical payroll printouts (such as payslip, advances, general recapitulation, banking reports, sick leave reports, and social contribution reports)
- Social contribution XML files (such as United declaration 112)

As of January 2011, natural and legal entities in their capacity as employers shall submit to the authorities the new United Declaration 112 “Declaration regarding the social contributions, income tax liabilities and the nominal records of insured individuals.” United Declaration 112 replaces all existing declarations that had to be sent to Unemployment, Pension, Health and Labour National Institutes.

Employers—or legal entities representing employers—are obliged to submit a statement regarding social contributions, income tax liabilities, and nominal records of insured individuals. They must do this before the 25th of each month following the month subject to reporting.

The required statement is submitted electronically, using the e-government portal (www.e-guvernare.ro)
In addition, Romanian localization includes:

- Statistical reports
- Employee’s General Register data mining and XML file (Government Decision no. 500/2011)
- Other forms using Microsoft Word and PDF templates
- Reporting tools and programs
The localization of SAP Employee Self-Service for Romania will be available at the end of 2012, with add-on HX-CEE for Enhancement Package 5 and 6.

It will contain the following country-specific services:

- Personal data
- Address
- Bank details
- Family members
- Tax and contributions data
- Fiscal statement
Lesson Summary

You should now be able to:

• Give an overview of SAP ERP Human Capital Management in country version Romania
• Explain Romania-specific functionalities of SAP ERP Human Capital Management

You should now be able to give an overview of SAP ERP Human Capital Management in country version Romania and explain its specific functionalities, including:

- Personnel Administration
- Payroll
- Reporting
- Employee Self-Service
For more information on the topics discussed in this lesson, see the following references:

- SAP Note 572252 – Overview Note HR-CEE Add-On
- SAP Note 524073 – HR-CEE Release Strategy
- service.sap.com/GKB
- Country page at SAP Service Marketplace:
  - https://service.sap.com/globalization
  - country information → Romania
  - country information → Globalization Knowledge Base
- SAP consulting services: info.romania@sap.com
- Customer support components:
  - XX-CSC-RO – General Issues Romania
  - XX-CSC-RO-HR – Human Capital Management
  - XX-TRANSL-RO – Translation into Romanian

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

The main SAP Notes for Romania country version give an overview of the HR-CEE add-on and the HR-CEE strategy.

The country manual in English is available at https://service.sap.com/globalization.

For additional local consulting services, you can contact SAP Romania by e-mail at the following address:

- info.romania@sap.com
- Subject: Commercial issues related to RO version

You can find a list of local partners at http://www.sap.com/romania/partners/inromania/index.epx.

You can find a list of SAP Romania references at http://www.sap.com/romania/about/success/index.epx.

In case of technical or function problems for country-specific development for Romania please send a message to one of the following component:

- XX-CSC-RO for general Romanian issues
- XX-CSC-RO-HR for Human Capital Management issues
- XX-TRANSL-RO for issues of translation into Romanian
Thank You!

Contact information

SAP Globalization Services:

globalization@sap.com

Thank you for attending this session.