Welcome to this session about SAP ERP HCM in country version Portugal.

The scope of this session is to give you a high-level overview of the current localization for SAP ERP HCM in Portugal.
After completing this lesson, you will be able to:

- Discuss the highlights of the SAP country version for Portugal
- List the localization scenarios for public sector
- List the localization scenarios for bank sector
- Explain the main features of general localization
- Understand the solution support work model
Here is the agenda. In this session, we will explain the solution already adopted for SAP ERP HCM in Portugal. We will discuss some key features and the main constraints of the Portuguese environment.

We will also explain the private sector localization developments, including:
- Master data
- Payroll
- Other calculations as bonus
- Legal reports

Next, we will give a high-level description of the public sector solution and HCM bank sector solution.

Finally, we explain the basic model for customer support in Portugal.
Country Version Portugal (PT)

Key Features

- Mature and stable localization version for HCM-PT for private sector
- Legal compliance covering common business scenarios of all customers
- Development for Portugal is located in Brazil with the same language (Portuguese)
  - Better understanding of large customer requirements
- Large customer base with the bigger companies like Portugal Telecom, Group Sonae, EDP, Nestle, TAP, and so on
- The specific public sector scenarios were made available in 2008.
- The specific bank sector scenarios for HCM are available since April 2014.

Challenges

- Legal changes are published by the government on very short notice.
  - Perhaps one day or one week before they are effective
- Central and state clarifications of law application and doubts
- Legal changes are normally prioritized by date of application.
- Some legal changes are unplanned. Others may be planned for a specific time slot, but with no knowledge of effort.

Key features:
- Country version Portugal started by covering private sector development scenarios (which, in legal terms, are common to public sector). It was initially available as of SAP R/3 3.1I, as part of the core development inside ERP. Now our solution for private sector has matured to include public sector.
- Common business scenarios are covered by the localized solution, creating very clear examples in the country template to be followed on customer own requirement parameterization.
- Our solution benefits customers through improved processes and improved time to run processes.
- Our developers speak Portuguese, which means they can better understand the customer’s needs.
- Our PT localization is now operational at most of the top business corporations in Portugal, in local big economic groups, and even in international customers, including Portugal Telecom, EDP, Sonae, Nestle, TAP, GALP, and so on.
- Additional scenarios HCM for public sector were developed in 2007 and made available in 2008.
- We add specific bank sector scenarios for HCM and it is available since April 2014.

Challenges:
There are several challenges in Portuguese environment:
- Legal changes in Portugal are often unplanned and released on short notice, sometimes a week or a day before becoming effective.
  - One issue in Portugal is the need for system coverage requirements because of short notice of law application.
Master Data for Portugal

Main Localization Data
Fiscal data
- Fiscal number and data needed for tax calculation

Social security data/CGA data
- Data that identifies employees regarding one or more regime of social security/CGA or even subsystem to support healthcare

Disability data
- Relevant disability data for tax and social security purposes (IRS and SS)

Vacation allowance method registration data
- Method of vacation allowance payment different from the default defined for the group of employees.

Professional category data
- Classification of IRCT/CNP/qualification level/relationship with employer/official education level for legal reporting purposes
Payroll

Wage Types and Tax Calculation
Payroll and Personnel Administration objects are used to differentiate between monetary amounts or time units that are used in different ways to calculate the employee's remuneration. These wage types have different purposes in the SAP system:

- A wage type is typically evaluated with a monetary amount that should be paid out to the employee or that the employer should withhold.
- A wage type can also be used to cumulate several amounts for statistical evaluation.
- It can be used by the system in Payroll to temporarily store interim results, and to move from one step to the next.

The business task of a wage type determines whether it is entered online or is generated by the system, and how it is processed during the payroll run.

SAP offers several wage types models adapted to Portuguese use, including:

- Basic salary
- Seniority
- Work schedule exemption
- Overtime payment
The employee is considered a taxpayer for the purpose of modeling the tax-related data structure. A taxpayer can be specialized into three different types according to income category: employee, early-retired employee, or self-employed worker. Additional data has to be considered because of its fiscal characteristics.

The taxpayer can also be specialized according to residence status: If the taxpayer lives in Portugal, he or she is considered to be a resident. If the taxpayer lives abroad, procedures for non-residents apply.

A social security contributor can be categorized as one of two different types, depending on income tax category and according to the regime to which he or she belongs:

a) Regular employee
b) Non-regular employee, which includes early-retired employees and self-employed workers

The distinction has to be made because the regimes applicable to regular employees do not apply to non-regular employees. For non-regular employees, you must also consider additional data to process their specific social security deductions.

- Surcharge determination (in the begin additional tax rate of 3.5% and in year 2016 the tax rate is indexed to a table depending of gross income of employee) which is applied only to employee with net income if it is greater than national minimum salary of reference.
Legal Reporting
This are an example of legal reporting that exists in the localization:
This shall be described as the reports covered as follows:

- Remuneration Sheet (DRI): Social Security
- Social Balance: This report is obsolete (is kept to past run)
- Single report that contains information about several attachments:
  - Local units/personnel summary/entry and leave data/strike data
  - Most of the information is covered by a BAdI:
    - Occupational health
    - Training data
- Model 10 - Annual declaration of the company (tax report) is used only to declare income with origin in retiree allowance
  - This report will include the HCM and FI data
- Individual Income Declaration Statement of income and tax retention delivery to the employee
- Leave entitlement map: Map of pre-request of leave entitlement by the employee
- Overtime report
- Year overtime resume by legal reason –
- List overtime recording each time pair
- Membership fees report
- Bank transfer file: SEPA CT and SEPA DD on payroll
- Other unused statistical reports: Several statistics reports remains in the system, such as alert system and inquiry to gains and work schedule.
HCM Public Sector Solution

Coverage Scenarios
In Portugal, *Caixa Geral de Aposentações* (CGA) is an organization that manages the pension schemes (retirement, survivor and death benefits, and other special pension schemes) of public sector employees appointed before January 1, 2006. Therefore, the majority of public sector employees are members of a CGA pension scheme. Some employees are members of a CGA pension scheme and a standard social security scheme. Employees who are members of a CGA pension scheme and a standard social security scheme are assigned two different identification numbers.

We generate a magnetic file to report the amounts retention to pension schemas.

SAP Note 1077282 is the basis or start of CGA magnetic report.
In Portugal, all public sector organizations are legally required to calculate employee seniority and compile this data in an annual report that records the seniority levels of its employees as of December 31 of the previous year. The seniority level of an employee is relevant for career promotion, career progression, public human resources selection, and mobility processes.

The seniority of public sector employees is calculated based on the following categories of seniority:

- Seniority in public sector (based on an employee’s period of service in the public sector)
- Seniority in career
- Seniority in category
- Seniority in scale
- Seniority in organization

In addition, periods of absence or different types of leave need to be deducted from employee seniority, and some employees may be entitled to bonus seniority days in recognition of special services, such as overseas military service.

For more information, see SAP Note 1055978.
In Portugal, the basic pay for public sector employees is determined by multiplying the employee index value by the index 100 value defined in the employee salary table. The index 100 value is determined by the Portuguese government and changes annually. The index assigned to an employee is determined by four factors: employee salary table, employee career (pay scale area), employee category (pay scale group), and employee scale (pay scale level). Each career is composed of categories and each category is composed of scales.

Currently, the government is converting the pay scale index to level of grades and remuneration position.

For more information, see SAP Note 1041369.
Public sector employees are entitled to receive various family allowances for children, young people, and other dependents to support schooling and other living costs. In the Portuguese public sector, organizations typically pay employees the family allowances to which they are entitled, and the payments are reimbursed by CGA.

The amount of the individual family allowances is variable and determined by the Portuguese government with reference to the Social Support Index (IAS) and the age of an employee's children or dependents. The frequency of payments depends on the type of family allowance. For example, child benefits and disability benefits are paid monthly. Other allowances, such as the school material subsidy, are paid annually (at the beginning of the school year). The family of a public sector employee is entitled to receive death benefits as one single payment.

**Calculate family allowances**

The system automatically calculates the amount of family allowances based on the master data in the Family Members/Dependents, Additional Payments, and Recurring Payments/Deductions and the Tax PT, and adds these amounts to the employee’s basic pay and the Family Allowance Data table, which contains each family allowance as a predefined wage type.

For more information, see SAP Note 1043712.
In Portugal, Direcção Geral de Protecção Social aos Funcionários e Agentes da Administração Pública (ADSE) is a social health insurance system for public sector employees and their dependents.

Each month, a percentage is deducted from employees’ basic pay for ADSE contributions.

ADSE manages the health expenses claimed by ADSE beneficiaries for health care treatment, rehabilitation, or medical checkups. It is also responsible for verifying that health expenses are justified, through home checks or medical examinations. All public sector organizations in Portugal are legally required to collect data related to health expenses claimed by employees and forward it to ADSE.

You can use various features to process the ADSE and ADM health expenses data of public sector employees:

- Reimbursement of expenses with health care based on ADSE legal tables
- Legal Monthly Contribution for ADSE
- SAP Note 1041474 (HCM PT PS: ADSE Health Expenses)
- ADSE XML report (File XML ADSE)
- New electronic file according to resolution n.º 1452/2011, from January 18, 2011
- SAP Note 1553496 (ADSE: new XML report).
- Payment Guide ADSE
- Legal report to list reimbursements for ADSE

In the end payroll run, the institutions/companies use a report that generates XML files with data about the organization responsible for processing the deduction to ADSE.
In Portugal, monthly basic pay is calculated on the basis of a 30-day month in accordance with Article 4 of Law No. 42, December 23, 1958, which specifies that whenever basic pay is calculated using a day rate, one day is equal to 1/30 of the corresponding monthly basic pay. The payroll function for the Portuguese Public Sector Payroll (PY-PT-PS) component processes the hire, exit, promotion, and absence situations for Portuguese public sector employees in the middle of months with 28, 29, 30, or 31 days. These situations affect the factoring rule because in a typical month (28, 29, or 31 days), the basic pay must be adjusted.

For more information, see SAP Note1036274 (HCM PT PS: Basic Pay Factoring).
By mutual agreement between the employee and the organization, an employee may choose to work four days per week despite having a contract of five days per week. After an employee has been assigned a four-day-week work schedule, he or she will be covered by the main characteristics of this functionality:

• The four-day-week work schedule does not affect employee seniority because the same terms of standard work schedule (five-day week) are applied in accordance with Portuguese law: Law No. 100/99.
• Employees who work a four-day week are entitled to 80% of the corresponding employee remuneration based on the value in the index table, career, category, and scale.
• An employee is assigned to a work schedule rule on master data
• The sum of social security contributions (CGA pension scheme and ADSE health insurance) that are paid monthly to the relevant institutions are based on total employee remuneration, and not on 80% of the employee remuneration.
• Since the calculation of social security deductions is based on 100% of employee remuneration, employees who are assigned a four-day-week work schedule are entitled to receive compensation.
• Employees are entitled to receive 80% of vacation and Christmas allowances. For vacation and Christmas allowances, ADSE deductions are not applicable. The CGA pension scheme deductions are calculated in the same way that basic pay and compensation for a four-day-week work schedule are calculated.
• Employees are also entitled to a lunch allowance for each day worked. If an employee works three full days and two partial days, the employee is entitled to a
In the Portuguese public sector, special mechanisms are used to support employee mobility. Employee mobility is divided into two main forms of mobility: common mobility and special mobility. For both forms of mobility, there are different mobility types.

**Common mobility**
- Transfer
- Exchange
- Outward assignment
- Secondment
- Specific assignment
- Special transfer

**Special mobility**
- Resuming of functions
- Reassignment

**Employees with special mobility status go through the following phases:**
- Transition
- Requalification
- Compensation

In the public sector, any employee can be nominated to special functions. When an employee or person is nominated to a management position, one of the following legal work relationships is defined:
- Replacement
- Service commission
- Special service commission
The Portuguese public sector defines a path of progression in career or category based on employee seniority and performance. Employees progress in their careers every number of years (for example, every three years) if their performance improves within this time.

- You can use various features that support the automatic career progression of public sector employees.
- Define career progression paths for all careers/categories in the organization based on employee seniority and performance classification.
- Select employees who meet the requirements for career progression (the relevant conditions are defined in the career progression path).
- Automatically update the master data of employees selected for career progression.

For more information, see SAP Note 1049762.
In this case, infotype 0052 is used to process the nomination.
Legal Reporting

Social Balance report (Balanço Social)
- Strategic instrument to evaluate/measure corporate social responsibility
- Version 2010 covered by user exits
- SAP Note 1078752 (HCM PT PS: Social Balance)

Remuneration Guide report (Guia de Vencimento)
- Employee information summary
- SAP Note 1043521 (HCM PT PS: Remuneration Guide)

Monthly Income Declaration – AT (valid for all Sectors of the localization)
- Employee relation of income and respective Tax retention by type of remuneration;
- Shall be a output (file) to be sent to tax office.

BDAP
In Portugal, data related to public sector employees is stored in a central database: the Public Administration Human Resources Database (BDAP). The authority responsible for BDAP collects the following kinds of information from all public sector organizations (ministries, bureau, offices, departments, agencies, and other public entities):
- Employee data
- Public sector organization data
- Position/place-of-work data
This report is becoming obsolete.

Social Balance
It is also mandatory for public sector organizations to produce a social balance report. Due to differences between the private sector and the legal relationships of public sector employees and the structure of public sector organizations, a public sector social balance includes additional, mainly non-financial data related to profession, situation, work schedule, basic pay, training, and other relevant employee data.

Remuneration Guide Report (Guia de Vencimento)
- In the Portuguese public sector, employees can move from one organization to another. Because the systems of different organizations are not integrated, there is no means of exchanging information electronically. The employee’s last or original organization prints a document that contains all data relevant at the time the employee’s transfer, and the employee passes this printed information to the destination organization.
Legal Reporting (2)

RENAP—cobertura e reporte de rendimentos a negativo - Cálculo e relatórios
- IRS calculation, Model 10, and Individual Income Declaration
- SAP Note 1548812 (PY-PT-PS: retroactive accounting with income/taxes)

Annual Staff (Mapa de Pessoal)
- Reports staff allocation to effectively manage resources
- SAP Note 1488692 (PS-PT: Annual Staff Report and legal information for PS)

SIOE report
- New statistical report for Information System for State Organisation (SIOE)
- SAP Note 1586067 (SIOE: New statistical report for Public Sector)

RENAP was the name associated with tax-negative income from past years, SAP developed a solution for public sector payroll and legal reporting.

You use the Annual Staff report to generate a list of all staff allocations in a specific organizational unit.

The SIOE report generates XML files that supply the Information System for State Organisation (SIOE) database. The XML files contain the number of permanent employees in the organization, classified by legal relationship of public employment, type of job/career/group, gender, level of education, and age range. The report also generates XML files with data about disabled employees by gender and independent workers by service and gender.
We develop the GAP scenarios between PT localization and bank sector needs in 2014 because it was really need to assurance and bank companies. The mainly reports are the Union Contributions report and staff report that are used to send to SAMS with the contributions of employees and employers in the banking sector. The file must be sent to the unions by the employers until the 10th of the month following the reference month.

Transaction code is: PC00_M19_BKU0
You should now be able to:

- Discuss the highlights of the SAP country version for Portugal
- List the localization scenarios for public sector
- List the localization scenarios for bank sector
- Explain the main features of general localization
- Understand the solution support work model
Support and rollouts are usually available.

- News notes with legal changes for each HCM component:
  - PY-PT (SAP Note 403163 - CONSULT: HCM Portugal - News – Novidades)
  - PY-PT-PS (SAP Note 1463178 - CONSULT: HCM Portugal Public Sector - News – Novidades)
Customer focus has always been a key to SAP success. The Portuguese User Group (GUSP) takes it to the next level by giving customers a platform to collaborate with the SAP development process.

Additionally, this serves as a channel for SAP to have strong collaboration with customers and partners. There are focused influence programs for Portugal localization topics where customers and SAP share knowledge and best practices. Additionally, new SAP functionalities are presented to the customers.
Finally, here are some recommendations for those who use country version Portugal:

- Keep the system up to date in terms of Support Packages. Portugal experiences a lot of legal changes.
- Expert knowledge is required.
- Respect standard and use the available Customizing tools.
- User training - SAP develops specific HCM for Portugal training events:
  - Payroll run private sector training course
  - Public sector workshop
For more information on the topics discussed in this lesson, see the following references:

- Important SAP Notes for Portugal
- Availability information for country version (release, SP, and so on)
- Online help
- Local consulting team
- service.sap.com/GKB
Thank You!

Contact information

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