Hello and welcome to this session about the Swiss country version.

In this lesson, I will present to you

- An overview of the country specifics in the Financials and Human Capital Management area
- A guidance on how SAP manages legal changes for rollout
- The documentation paths in the SAP system
After completing this session, you will be able to:

- Understand the Swiss localization requirements
- Outline the Swiss localization features in ERP (Swiss country version)
- Explain Swiss localization features in Financials & Human Capital Management
- Understand the solution support and rollout strategy regarding the Swiss country version
This is what has been packaged for you for about the next half hour. Starting with some quick facts on the country version Switzerland, this session will outline the legal requirements that must be met by any ERP software provider in Switzerland, enabling companies to run their business compliantly.

In addition, I will briefly introduce the features offered by the Swiss Country Version in the area of Finance and Human Capital Management.

I will also touch its support system and certain recommendations for those who plan to use the Swiss country version.
Country Version Switzerland

Quick Facts

So let’s start with some quick facts on the country version Switzerland.
Country Version Switzerland
Quick Facts

Key Strengths:
- Available as SAP standard before 3.11 and a trusted name among organizations
- Provides legal compliance for business transactions
- Standard and simplified rollout strategy for legal changes

Challenges:
- Finance/Logistics (VAT, payments)
- Human Capital Management solution (payroll)
- Legal Changes
  - Come unplanned
  - Effective on short notice
  - Mandatory and often mission-critical category

Key Strengths:
- The Swiss country version has been a market leader for decades. The Swiss country version is being updated in all higher releases up to the latest ECC 6.0 enhancement package. So the country version is mature and trusted on the market.
- It provides legal compliance features for various business transactions enabling your businesses to run better. Both development and support of these features are completely provided by the highly skilled teams located in India and Germany, some of the most experienced research and development teams in the SAP Labs network across the world.
- The Swiss Country Version is now operational in most of the top business corporations in Switzerland across industries, including global business giants that have subsidiaries in Switzerland.

Challenges:
- There are two major localization areas:
  - FI/LO area: It mainly covers the legally required reports in the VAT area and provides the payment formats for automated domestic or foreign payment transactions.
  - HCM solution: Here, the payroll part is localized according to Swiss-specific needs.
- Second one being legal changes in Switzerland, which are often released unplanned and on short notice.
Now, let's go through the Swiss Requirement. We will take a deeper look at the Swiss legislation complexity and language requirements.
There are 3 major criteria that determine the complexity of a country version. These are the following:

- Law complexity
- Law frequency
- Official Language(s) (countries with 1 or more official languages)

Regarding the law complexity of the Swiss country version, the complexity of

- The Finance/Logistics Swiss country is medium complex. This is mainly due to country-specific taxes and tax rules, as well as special tax scenarios, for example, tax reporting, and so on.
- The Human Capital Management Swiss country version is medium complex. The most important topics are related to Social & pension insurance, FAK Accounting, and highly cantonal specifics.
The second criterion relates to the law frequency in Switzerland:

- In the Financials area, it is very dynamic. This means most of the legal changes are expected at the beginning of a year and become less during the year.

- The law frequency in the Human Capital Managements area is medium, which means the legal changes announcements are well placed over the year.
The third criterion relates to the official languages that are allowed in a country. The Swiss Country version offers the following 3 official languages:

- German
- French
- Italian
Now, let's have a closer at the Swiss requirements of the Swiss Country version’s Financials part.
In the Finance area, the tax area is the heart of the Swiss country version.

The value-added tax (VAT) report is an official periodic report that must be submitted to the tax authorities.

The rules and periods for submitting the VAT report are compliant with Swiss tax legislation.

VAT reporting is supported in the Swiss country version providing the advance return tax on sales & purchases. Automatic transfer posting of tax payable is provided as well.
The Swiss country version supports payment formats in the outgoing payment area as well as in the upload phase of bank statements.

SAP also supports the following additional payment procedures:

1: ASR Procedure

- This procedure supports payment formats in the outgoing domestic and foreign payment area. In addition, SEPA payments are recently available following Swiss-specific adaptation.
- The ASR procedure is carried out using an ASR customer number (subscriber number) assigned by the PostFinance, which is printed on the preprinted payment authorization.
- Amounts paid using ASR are debited to your account at the Swiss PostFinance. The PostFinance regularly informs you about the most recent debits via data media. However, the ASR procedure is not used by many customers.

2: ISR procedure, which offers 2 different payments methods:

- The VPOR Procedure:

  Using this procedure, you apply to PostFinance for an individual participant number. You can then send bills with preprinted inpayment slips to your customers. A code containing your participant number is printed on these documents.
When a customer sends in a payment with an inpayment slip to the PostFinance, the inpayment slip is processed with an electronic reader that recognizes your bank as the payment recipient. PostFinance sends you an output informing you that payment has been made, and you post the incoming payment.

**The BPOR Procedure:**

In this procedure, you apply directly to your private bank for its participant number. The bank grants you permission to use its number and assigns you an identification number for internal use. You can then send bills with preprinted inpayment slips to your customers. A code containing your bank’s participant number along with your identification number is printed on these documents.

When a customer sends in a payment with an inpayment slip to PostFinance, the inpayment slip is processed with an electronic reader that recognizes your bank as the payment recipient. PostFinance settles through your bank, which recognizes your internal number and informs you that the payment has been made so that you can post the incoming payment.
### Legal Compliance Requirements
#### Financials

<table>
<thead>
<tr>
<th>Payment area</th>
<th>The following formats are supported:</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>- Domestic outgoing payments</td>
</tr>
<tr>
<td></td>
<td>- Foreign outgoing payments</td>
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<tr>
<td></td>
<td>- SEPA outgoing payments</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>Reporting</th>
<th>The ASR procedure (payment authorization with reference number), enables you to send notifications, for example, settlements, to your customers with a preprinted payment authorization.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Using the ISR (inpayment slip with reference) procedure, you can send billing output with preprinted payment documents to your customers. You prepare these documents with a participant number issued to you by the Swiss PostFinance.</td>
</tr>
</tbody>
</table>

| Financial statement versions are versions of structured and grouped accounts into balance sheet and profit and loss statement; they are the basis for various financial reports. |
|---------------------------------------------------------------------------------------------------------------------------------
| Based on the financial statement, the cash flow report is created (indirect method). |

- Another important area of the Swiss country version is the reporting part based on GL accounts to close fiscal years.
- The financial statement as part of the yearly closing activity is supported as well as a profit & loss statement according to Swiss legislation.
- Based on the financial statement cash flow, reports can be generated based on the indirect method.
Let's continue with a deeper dive into the Human Capital Management area relevant for the country version of Switzerland.
### Payroll area

<table>
<thead>
<tr>
<th>Wage and Salary Payments</th>
<th>Wage and Salary Payments by Bank Transfer</th>
<th>Cash Payment with Multicurrency Cash Breakdown List</th>
<th>Employee Remuneration Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enables you to pay wages and salaries to employees, while taking into consideration Swiss-specific requirements.</td>
<td>The system uses this process to provide all the information your house bank needs to transfer the wage and salary payments to your employees.</td>
<td>The system uses this process to provide all the information you need to pay the wages and salaries, in cash, to your employees.</td>
<td>Here, you can process manually calculated wages, bonuses, or other non-standard wage types.</td>
</tr>
</tbody>
</table>

- The payroll program is run at a specific point in time, not only to calculate an employee’s basic remuneration but also any special payments, overtime payments, or bonuses that must be effected for the period in question.

- The system calculates the gross and net pay, which comprises the individual payments and deductions that are calculated during a payroll period, and are received by an employee. These payments and deductions are included in the calculation of the remuneration using different wage types. After the remuneration payroll, you can carry out various subsequent activities, for example, you can see the remuneration payment or the creation of various lists, and make evaluations.
Legal Compliance Requirements
Human Capital Management

Payroll area

- **Withholding Tax:**
  - The taxation rate for the withholding tax is defined by law in each canton. Generally, the withholding tax rates are progressive. With an increase in wages, the withholding tax percentage is increased proportionately.

  - Generally, the wages are taxed in the payment period in which they were paid out. This is valid for payments for previous periods, for example, for retroactive payments for overtime hours worked.

- **FAK Accounting:**
  - The report supports the output of the following lists (List format A4 – landscape):
    - Detail accounting of the family-related bonuses for each employee – with the total for each FAK
    - Detail accounting of the paid family-related bonuses for each employee – with the total for each FAK
    - Detail list of the AHV-liable wage total for each employee – with the total for each FAK

- **AHV Wage Statement:**
The report issues the following lists:

- List of wage statements with the AHV-relevant data for each employee
- List of AHV-exempt employees and wage cumulations for the wage statement
- List of concurrent employment in different company codes or payroll units
Country version Switzerland – support and rollout:

- There are a number of informative Notes available in the SAP Notes repository. This includes FAQs on various features and some installation guidance notes too (see the “Related Information” slide at the end of this presentation).

- Legal changes coming unplanned during the year are rolled out smoothly via SAP Solution Notes, which can be applied directly in the customers’ systems.

- Additionally, legal changes are supported by special rollout procedures, for example, CLC.

- SAP Service Marketplace also hosts a dedicated Switzerland Page that provides the latest updates on the country version Switzerland, directly accessible by the customers.
Swiss Requirements: An Insight

Legal Change Rollout

Let me briefly explain the legal change rollout process at SAP.
SAP provides two options for customers to implement HCM legal changes:

- **HR Support Packages (HRSP)**
- **HRSPs** are released every month and provide HR customers around the globe with the latest legal requirements and corrections. They include all updates for international functions and country versions.

- **Country Legal Change (CLC) Packages**
- **CLC Packages** represent a new method of delivering HCM legal changes; they are offered in addition to HRSPs. CLC Packages include country-specific legal changes – one CLC Package per country – and enable customers to decide when to implement legal changes for their country versions, thus significantly reducing test efforts and risks.
SAP may continuously provide legal changes to its country versions to support customers to comply with changing laws in their countries. In many cases, this information reflects legislation and regulations that have not yet been fully approved. Therefore, any case such information is not binding and SAP's plans are also subject to change at SAP's sole discretion.

You can find information on planned legal changes for laws that go into effect in SAP ERP Financials (FI), SAP ERP Operations (PO), and SAP ERP Human Capital Management (HCM) in the Legal Change Report. This report is made available to customers so that they can readily select, by country.

The Legal Change Report includes all current legal changes; if you are interested in changes of the past, please check out the legal change report archives for 2008, 2009, and 2010.

The legal changes include the following information:

- Short description of the planned legal change
- Link to the corresponding SAP note, where you find detailed information (SAP note can be found directly)
- The calendar week/year in which planned legal changes are assumed to be provided
- Whether the legal change is already available

The Legal Change Report is provided by SAP Global Services. Send us an email if you would like to provide feedback.

How ERP FI, OP, and HCM legal changes are delivered:

- HCM - via SAP Notes and Support Packages (see SAP schedule)
- HR - via SAP Notes and HR Support Packages and/or CLC Packages (see quick link here changes)

SAP provides a standard way to implement FI legal changes, but two options to implement HCM legal changes:

- Support Packages are released monthly and provide customers around the globe with the latest legal requirements and corrections. They include all updates for international functions and country versions.

- Country Legal Change Packages (CLC) represent another way of delivering HCM legal changes; they are offered in addition to HRSPs. 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, and thereby reduce test efforts and risks significantly. This delivery process will be available for the following software components: SAP_HR, EA-HR, and HR-CEE.
You can find information on planned legal changes for laws that go into effect in SAP ERP Financials, SAP ERP Operations and SAP ERP Human Capital Management in the Legal Change Report.

The Legal change report includes all current legal changes. The legal change files include the following information:

Short description of the planned legal change, link to the corresponding SAP announcement Note, where you find detailed information the calendar week/year in which planned legal changes are assumed to be provided or whether the legal change is already available.
Lastly, definitely not the least, here are some recommendations for those who are new to the country version Switzerland:

- First and foremost, as you may agree, the country version Switzerland is not a “do-it-yourself” system. With the level of complexity involved, it is recommended to have the experts and experienced on Board, right from the beginning.

- There is definitely some expert knowledge required about global templates to avoid late surprises.

- It is strongly recommended that the customer upgrades to the minimum Support Package level for the Swiss country version, to get the relevant legal changes in future.

- Lastly, user training is a critical part to a successful implementation of the Swiss country version, which I think all of us agree.
Lesson Summary

You should now be able to:

- Explain Swiss localization requirements around legal compliance
- Provide an overview of the solution coverage of the Swiss country version
- Explain Swiss localization features in Financials & Human Capital Management
- Understand the solution support and rollout strategy for the Swiss country version
- Outline the recommendations for the implementation of the Swiss country version

I’m sure you are now able to:

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Related Information

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

- Important SAP Notes for Switzerland:
  - Acquisition tax in Switzerland: 1435582
  - VAT Report Switzerland: 1602271
  - EU Sales Report: 1396519
- service.sap.com/GKB
- Literature (Implementation of Country Versions for SAP ERP Systems):

For more information on topics discussed in this lesson, see the references listed here.
With that I would like to thank you for your patience and attention during this session. You can contact me with your doubts and questions at the e-mail I have given you.

Thank you and have a nice day!