About the Tutorial

SAP Payroll is one of the key modules in SAP Human Capital Management. It is used to calculate the remuneration for each employee with respect to the work performed by him. SAP Payroll not only consists of remuneration part but also includes other benefits that any organization has to provide for the employee welfare according to different company laws in the country.

This is an introductory tutorial that covers the basics of SAP Payroll and how to deal with its various modules and sub-modules.

Audience

This tutorial has been prepared for professionals who aspire to learn the fundamentals as well as the nuances of SAP Payroll and implement it in practice.

SAP Payroll system manages the gross and net pay, which also includes the payments and deductions calculated, while processing payroll for an employee. The system calculates the payment and all deductions while processing remuneration using different wage types.

This tutorial is intended to make you comfortable in getting started with SAP Payroll and its various other functions.

Prerequisites

It is an elementary tutorial and you can easily understand the concepts explained here with a basic knowledge of how a company or an organization deals with its Payroll System. However, it will help if you have some prior exposure to accounting and how to deal with Payroll and other related processing automation techniques.

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1. SAP Payroll – Introduction

SAP Payroll is one of the key modules in SAP Human Capital Management. This is used to calculate the remuneration for each employee with respect to the work performed by them. SAP Payroll not only consists of remuneration part, but also the other benefits that the organization has to provide for the employee welfare according to different company laws in any country. These commonly include:

- Labor Law
- Benefits Law
- Contribution Law
- Tax Law
- Information Law
- Reporting Law
- Statistics Law

A SAP Payroll System manages the gross and net pay, which also includes the payments and deductions calculated while processing payroll for an employee. The system calculates the payment and all deductions while processing remuneration using different wage types.

Once the payroll processing is done, the system carries out different subsequent activities. For example: You can generate various lists related to remuneration and deductions performed in the system.

Integration with Other Modules for Payroll Processing

SAP Payroll module is easily integrated with –

- Personnel Administration
- Time Management
- Incentive and Wages
- Finance and Accounting

**Personnel Administration** is used to get the master data and other payroll related information. By using **Time Management**, you can get the time related data to calculate the remuneration and for payroll run.

**Incentive and Wages** data is used to calculate the incentive wages component in the payroll. Wage type defines the daily payroll for each employee and incentive defines the other extra benefits that should be paid to an employee.

Expense Payable for payroll is posted to cost center using integration with SAP Finance and Accounting module. You can assign the cost to cost centers in **Finance and Accounting** module. Here you can also manage the expense for payroll processing of the third party vendors.
Basics – Payroll

Payroll is based on the payroll driver that varies with each country and region. The payroll driver considers the administrative and legal regulations of the country while defining the payroll. While running a payroll, the payroll driver refers to its corresponding payroll schema, which contains a number of different functions. Each function consists of import data function from internal tables and payroll related files.

The steps in Payroll processing:

A payroll system gets the payroll related data from the system. In case of off-cycle payroll, the system deletes the internal table and imports the last payroll result. The gross wage, shift schedule, and compensation along with the valuation bases are calculated in the system and the master data relevant to this payroll is added in the calculation.

Next is to calculate the partial period factors, salary elements, and to calculate the gross results. Finally, in the last process system calculates the net remuneration and performs the accounting in case there is any change in the master data from a previously processed payroll.

Once this payroll run is completed, the results are transferred to Finance Accounting and evaluation. Then the posting is done for the corresponding cost centers.

Payroll Driver

Payroll driver is used to run the payroll and their structure is based on that particular country’s laws, as each country has a specific payroll driver.

Following are a couple of drivers with their technical names –

RPCALCx0 – Here, x represents the country specific code, like ‘D’ for Germany and F for France, etc.

HxxCALCO – Here, xx represents the ISO code for country, like ID for Indonesia.

Payroll Schema

This represents the calculation rules used by the payroll driver. In SAP Payroll system, you have country-specific schemas X000 where X represents the country indicator.

The Schema structure consists of the following components:

Initialization

Step – 1:

- Includes updating the database
- Importing the Infotypes
- Calculating gross pay

Step – 2:

- Processing of time data from time management
- Off cycle payroll run
• Payroll accounting of last processed payroll
• Calculating time related data and calculating gross amount for each employee
• Performing factors
• Calculating Net pay

Step – 3:
• Calculating the net remuneration
• Performing the bank transfers

Payroll – Background Operation

It is also possible to automate the payroll run partially or fully and schedule it to run in the background. SAP recommends a few tasks to be run in the background for better performance.

For example: Payroll can be run in the night and you can check the results the next morning.

How to Schedule Payroll in Background?

Go to System -> Service -> Jobs -> Define Job or SM36

You can define the job here to let the payroll run to process in the background. These background jobs are processed using a Computing Center Management System (CCMS) in the SAP system. The CCMS can be used to perform the following functions:

• The configuration and monitoring of this background processing system.
• Managing and scheduling background jobs in the system.
How to Schedule a Background Job?

To schedule a background job, enter the Job Name. Enter the job class that defines the priority of the job.

You can define three types of priorities –
- Class A - High
- Class B - Medium
- Class C - Low

You can also define the system for load balancing in the target filed. If you want the system to select the server automatically for load balancing purpose, you can leave this option blank.

If you want the spool request generated from this job to be sent to someone using email, you can mention the same in the Spool list recipient.

To define a start condition, click on the Start condition tab, there are various options that you can use to define the Start condition. If you want to create a periodic job, check the box at the bottom left side of the screen as shown in the following screenshot.
Define the steps of the job by clicking the **Step** tab. You can specify the **ABAP Program**, external command or any external program to be used for each step. The next step is to save the job to submit to background processing system.

**Note:** You have to release a job to make it run. No job even those scheduled for immediate processing, can run without first being released.
2. SAP Payroll – Off-Cycle Activities

Off-Cycle activities are carried out to process payroll for an employee on any day unlike payroll run that is a periodic activity and schedule to run at specific time interval.

In order to perform Off-Cycle activities, you should define an Off-Cycle activity section in customizing for payroll. Off-Cycle consists of the following areas:

**Off-Cycle Workbench**

It provides a uniform user interface for all the Off-Cycle activities. You can perform the following functions in an Off-Cycle workbench:

- To make a bonus payment to an employee on a special occasion like a marriage gift, new born baby, etc.
- To perform an immediate correction run. For example: Consider where employee master data got modified.
- To pay an absence like a leave in advance.
- To process the payments that are added to Payroll Results Adjustment under Infotype 0221.
- Consider a case where the payment was made but not received by an employee. To perform a replacement, you can use Off-Cycle workbench.
- If you want to reverse a payroll result.

**Payroll History**

This is one of the key components that allows you to check the previous payroll run results for an employee within an **Off-Cycle workbench**.

In the Off-Cycle workbench, go to History tab to display an extract from the payroll which contains all the necessary information of an employee payroll. It also shows details of all the payments that are replaced with a check along with any payroll’s which are reversed are also mentioned here.

If you want to check any further details on an employee payroll, you can check the remuneration statement for the employee for a specific payroll period.

You can also check the following details about the payment made in the History tab under workbench:

- For reverse payment you can check the reason for reversal and person who has carried out reversal payment.
To check the replace payment details, you can find which payments are replaced and by which check number.

Details of check number, bank name, etc.

Note that to view the remuneration statement of a payroll -> select the result and choose -> Remuneration Statement.

### Off-Cycle Subsequent Processing

This is used to further process the Off-Cycle payroll results, a payment reversal or repayment, etc. When a bonus payment is made using a workbench, a replaced or reverse payroll, remuneration statement should be generated and results from payroll run should be posted to Accounting.

All the details related to Off-Cycle payroll, reverse payment or repayment is stored in table T52OCG and is available in the report H99LT52OCG and this report is available in Off-Cycle menu.

### Report for Batch Subsequent Processing

Subsequent processing is performed by running one or more batch reports and to ensure that subsequent processing is performed in the correct sequence. You should schedule the report for a Batch Subsequent Processing in the international standard system as regular background jobs. With scheduling report that subsequent processing is conducted regularly and on time.
**Process Model**

Process model is used to define a subsequent program and order in which they run. When you select a report for Batch Subsequent Processing, you also have to define the process model report that should be used.

Off-Cycle subsequent processing, it is possible to schedule the batch report in background job with process model or you can also call it in a workbench menu and run it from there.

According to the function executed in an Off-Cycle workbench, different activities are performed.

For example: Consider replacing a payment:

<table>
<thead>
<tr>
<th>Function</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing a Payment</td>
<td>Runs Preliminary Program Data Medium Exchange</td>
</tr>
<tr>
<td></td>
<td>Indicates each payment replacement with a key composed of program run date</td>
</tr>
<tr>
<td></td>
<td>and the indicator feature CYYYP.</td>
</tr>
<tr>
<td></td>
<td>Enters the details in the indicator table for off-cycle batch processing</td>
</tr>
<tr>
<td></td>
<td>Runs the batch report for subsequent processing of check replacement as a</td>
</tr>
<tr>
<td></td>
<td>background job at the time that you have scheduled for the regular</td>
</tr>
<tr>
<td></td>
<td>processing of the report</td>
</tr>
<tr>
<td></td>
<td>Reads indicator table</td>
</tr>
<tr>
<td></td>
<td>Runs the process model that you have specified in the report variant</td>
</tr>
<tr>
<td></td>
<td>Prints new checks</td>
</tr>
</tbody>
</table>
To maintain a master data in SAP system, there are different Infotypes defined in SAP system for Personnel Administration and payroll.

<table>
<thead>
<tr>
<th>Infotype</th>
<th>Infotype Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0003)</td>
<td>Payroll Status</td>
<td>It stores the payroll and time status data. This is automatically created when an employee is hired.</td>
</tr>
<tr>
<td>(0008)</td>
<td>Basic Pay</td>
<td>This is used to store and employee’s basic pay. When an employee leaves an organization, Basic pay Infotype should not be delimited and remain in the system for retroactive accounting.</td>
</tr>
<tr>
<td>(0014)</td>
<td>Recurring Payment and Deductions</td>
<td>These are not processed with every payroll and paid or deducted for an employee at a specific time period.</td>
</tr>
<tr>
<td>(0015)</td>
<td>Additional Payment</td>
<td>These are not processed with every payroll and paid or deducted for an employee at a specific time period.</td>
</tr>
<tr>
<td>(0011)</td>
<td>External Bank Transfer</td>
<td>This stores the payment information for an employee made to third party vendors.</td>
</tr>
<tr>
<td>(0267)</td>
<td>Additional Off-Cycle payment</td>
<td>This is used to make additional off-cycle payment for one of the few employees. This is not available for all the countries and can be created using Off-Cycle Workbench.</td>
</tr>
<tr>
<td>(0045)</td>
<td>Loan Infotype</td>
<td>This is used to store HR master data for loans. This is used to calculate: Loan</td>
</tr>
<tr>
<td>Infotype</td>
<td>Description</td>
<td>Information</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>(0165)</td>
<td>Limit on payment/deduction</td>
<td>This is used to store information about limit on payments/deductions. You can define certain maximum values for payments/deductions for individual employees and wage types.</td>
</tr>
<tr>
<td>(0037)</td>
<td>Insurance</td>
<td>This is used to store insurance information for employees. The standard system different insurance types: Company insurance, Group accident insurance, Life insurance, Supplementary insurance, Not liable, Risk, Risk/pension, Nursing care, Sick pay</td>
</tr>
<tr>
<td>(0057)</td>
<td>Membership fee</td>
<td>This Infotype is used to store any membership information for an employee. An employee can enroll in different kind of membership: Sports club, Medical Union, etc.</td>
</tr>
<tr>
<td>(0025)</td>
<td>Appraisals</td>
<td>This is used to store employee performance related information. You can use an existing or add new performance criteria</td>
</tr>
</tbody>
</table>
### Reporting Bases

Payroll system consists of Date Specifications and monitoring of tasks Infotypes. Using monitoring of task, you can set automatic monitoring of tasks for HR activities and system suggest a date when you want to be reminded of the stored tasks.

#### Date Specifications

This is stored in Infotype 0041 and date type defines the type of information. You can create series of reports on specific date type. You can use this Infotype to run Payroll and also to maintain leave.

In a standard payroll system, it contains 12 combinations of date type and date and to add more date specification for an employee at the same time, you can use time constraint 3.

#### Monitoring of Tasks

You can also create an automatic monitoring of all HR related tasks that includes follow up activities to be performed and it is maintained in Infotype 0019. System suggests a date according to task type on which you will be reminded and this allows you to perform follow up activities as per the required schedule.

The reminder date in the system is used to determine when you want to be reminded for a task type. Reminder date can be defined based on this criteria –

When you select a task type, if the operator indicator has a blank or negative (-) value then reminder should be set before the task data.

If the Operator indicator has a positive (+) value, reminder date shouldn’t be before the task date.

**Note:** Payroll system also suggests a reminder date for each task independent of task type and you can change this at any point of time.

---

<table>
<thead>
<tr>
<th>Information</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee remuneration info</td>
<td>(2010)</td>
</tr>
<tr>
<td>Notifications</td>
<td>(0128)</td>
</tr>
</tbody>
</table>
Following are a few task types that can be added under monitoring:

- Temporary contract
- Expiry of inactive contract
- Expiry of temporary contract
- Next appraisal
- Pay scale jump
- End of maternity protection
- End of maternity leave
- Start of maternity protection
- Training period
- Dismissal protection
- Personal interview
- Vaccination date
- Follow-up medical
- Submit SI statement
- Work permit
- Work permit expires
- End of leave of absence
- Expiry of probation

**Employee Qualification**

This contains Infotype related to employee’s previous/other work experience, education and training and qualification.

- Other/Previous Employers (0023)
- Education and training (0022)
- Qualifications (0024)

**Other/Previous Employers (0023)**

This is used to store other employer contract of an employee. You can store the information where an employee works or has worked before working for your company. To enter multiple employer details, you can add multiple data records and validity period for each employee.

Enter the employer’s name and the country for each employer. The following information can be stored in this Infotype:

- City HQ – where the company is based
- Industry in which company is active
- Job role that an employee or applicant carried out or carries out
- Type of work contract with other employer
Qualification (0024)

This is used to store employee/application qualification details in this Infotype. Incase to store information on more than one qualification for an employee, you can also create multiple data records in this.

Each qualification type is identified by a key and you can also add proficiency level for each qualification. Proficiency level defines the knowledge and skill of an employee on a qualification.

Proficiency level can be defined in the following order:

- Proficiency 0 means non-valuated
- Proficiency 1 means very poor
  ...
- Proficiency 5 means Average
  ...
- Proficiency 9 means excellent

Education (0022)

This is used to store education details of an employee/applicant. To store the details about the complete education and training history of an employee/applicant, you have to create as many data records as necessary for the respective subtypes of this Infotype. You can enter the respective dates of the training period as the validity period.

The following subtypes can be created for each education establishment type:

- **Institute/Place**: This contains institute details like University, college name, etc.

- **Country Key**: It is used to contain the country in which the education/training institution is based.

- **Certificate**: This is used to maintain possible leaving certificates in relation to the educational establishment type specified.

- **Duration of Course**: This is used to specify the length of each course of study.

- **Final Marks**

- **Branch of Study**: This includes the specialization of education like ECE, Computers, Mechanical, etc.