

Oracle Human Resources Cloud

**How do I configure calculation cards
for Oman?**

FA Latest



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1 About this Playbook

You can create and manage calculation cards at several different levels, from an individual person to a payroll statutory unit.

At the payroll relationship level, there's a predefined Statutory Deductions calculation card.

Use the cards to record information specific to a person or organization. Calculation card entries override default values defined at other levels.

Automatic Calculation Card Creation

When you set your Payroll Product Usage to either Oracle Fusion Payroll or Payroll Interface, the application automatically creates calculation cards for your employees.

Gratuity: An employee gratuity calculation card is created automatically when an employee is terminated, and the checkbox for gratuity to be paid on the PSU level employer Gratuity calculation card has been selected. The Employee Gratuity Details calculation card also creates the gratuity component, component details and associations automatically.

Social Insurance: The employee social insurance calculation card is automatically created when the new hire process for an employee is completed, provided the employee citizenship information is specified. This also creates an element entry for the Social Insurance element. Make sure you've set the element eligibility before this calculation card is created.

Note: If the card was automatically created as part of the new hire process, the value for Citizenship field is derived from Person Information. The default value for the Exception Type field is blank. If no value is specified, and the employee is a UAE citizen, then the employer and the employee each pay their contributions

You can specify override amounts in the calculation component of Gratuity Details, if you wish to pay gratuity using a predefined formula or a reference formula at the legal employer level.

2 Calculation Cards and Calculation Value Definitions

Create an Employer Social Insurance Calculation Card

Employer calculation cards aren't automatically created during the hire or termination process. You need to create them manually.

Before you start

You need to select the scope for this task by selecting the appropriate legal entity from the Manage Legal Entity task.

Note: Setup and Maintenance > Implementation Project List > Manage Legal Entity Calculation Cards

Here's what to do

1. Start the calculation cards task using the navigation from your implementation project.
2. Create the calculation card.
3. Enter the Effective As-of Date and provide a name for the card. (Employer Social Insurance Details)
4. Click **Continue** to proceed to the Calculation Cards page.
5. Enter the required info for processing Social Insurance deductions in the Oman Employer Social Insurance Details:
 - **Employer Type:** You can select either Private or Government sector which impacts the deduction rules that apply.
 - **Contributory Salary Reference Formula:** You can define a formula which calculates the contributory salary at a legal entity level. The contributory salary value is derived from this formula and is used as the reference value for social insurance calculations. This formula needs to have the value returned using the variable CONTRIBUTORY_BASE.
6. Review the info you've entered and click **Submit** to save the Social Insurance Calculation Card.

Create an Employer Gratuity Calculation Card

Employer calculation cards aren't automatically created during the hire or termination process. You need to create them manually.

Before you start

You need to select the scope for this task by selecting the appropriate legal entity from the Manage Legal Entity task.

Note: Setup and Maintenance > Implementation Project List > Manage Legal Entity Calculation Cards

Here's what to do

1. Select the task and create the calculation card.
2. Enter the Effective As-of Date and provide a name for the card. (Employer Gratuity Details)

3. Click **Continue** to proceed to the Calculation Cards page.
4. Enter the required info for processing Gratuity in the Oman Employer Gratuity Details:
 - **Gratuity to be paid:** Select this checkbox if gratuity is to be paid by the employer.
 - **Gratuity Salary Formula:** You need to define your own formula for gratuity calculation which can be accessed here. The formula needs to return the values using the variable MONTHLY_SALARY.
 - **Gratuity Reference Formula:** You can define your own reference formula to calculate the paid gratuity amount. The formula needs to return the values using the variable PAID_GRATUITY. This overrides the amount calculated by the predefined formula.
5. Review the info you entered, and click **Submit** to save the calculation card.

Create Associations for Calculation Cards

You need to associate a calculation card with the Tax Reporting Unit (TRU). You also need to associate the calculation components with an assignment.

Note: Setup and Maintenance > Manage Legal Entity Calculation Cards > Calculation Card Overview

1. Once you've completed the calculation card setup, select **Associations**.
2. Click **Create** and select the TRU responsible for reporting deductions.
3. Create the Association Details, and select the assignment number and calculation component.
4. Click **OK** and then **Save and Close**.

3 Calculation Factors for Social Insurance and Gratuity

Social Insurance Calculation

Let's look at the factors that contribute to the Social Insurance calculation for Omani and GCC citizens.

Social insurance is paid by both the employer and employee, but you can change this behavior in the calculation card created.

Contributory Salary Calculation for Private and Government Sector Employees

Contributory salary is the amount on which employees of any GCC nationality pay Social Insurance contributions.

Private Sector	Government Sector
<ul style="list-style-type: none">You can override the contributory salary at a person level.	<ul style="list-style-type: none">You can override the contributory salary at a person level.
<ul style="list-style-type: none">If you didn't define an override, the country specific balance Employee Private Sector Contributory Salary Base is used for the calculation.	<ul style="list-style-type: none">If you didn't define an override, the country specific balance Employee Government Sector Contributory Salary Base is used for the calculation
<ul style="list-style-type: none">You can define a formula to calculate the contributory salary at the legal employer level if there aren't any balances fed.	<ul style="list-style-type: none">You can define a formula to calculate the contributory salary at the legal employer level if there aren't any balances fed.
<ul style="list-style-type: none">If none of the above are defined, the contributory salary uses the value of earnings elements that are subject to social insurance. <p>Note: These elements are identified through secondary classification and feed the balance Subject to Social Insurance.</p>	<ul style="list-style-type: none">If none of the above are defined, the contributory salary uses the value of earnings elements that are subject to social insurance. <p>Note: These elements are identified through secondary classification and feed the balance Subject to Social Insurance.</p>
<ul style="list-style-type: none">The contributory salary is set once a year in the first month of payroll processing, or in the first month of the year.	<ul style="list-style-type: none">The contributory salary is calculated for each month of payroll processing.
<ul style="list-style-type: none">If you need to adjust the contributory salary, you can use the Social Insurance Contributory Salary Adjustment component of the	<ul style="list-style-type: none">Not applicable for government sector employees.

Private Sector	Government Sector
Employee Social Insurance Details calculation card.	
<ul style="list-style-type: none"> The contributory salary might have a monthly minimum and maximum value. <ul style="list-style-type: none"> If the monthly social insurance income is lower than the minimum value, contributions are calculated on the minimum value. If the monthly social insurance income exceeds the monthly maximum value, contributions are due just on the part up to the ceiling. If SI contributory salary is less than the minimum salary, the employer pays contributions on the actual contributory salary and the employee pays contributions on the minimum salary. The employee will also pay the employer's share of contributions for the difference between their actual salary and the minimum salary 	<ul style="list-style-type: none"> Not applicable for Omani citizens or government sector employees. No minimum or maximum salary limits apply.
<ul style="list-style-type: none"> No contribution is deducted if the employee is terminated before the last day of the month (for all GCC citizens except Oman). Full contribution is deducted if the employee is terminated on the last day of the month. 	<ul style="list-style-type: none"> For an Omani citizen, the contributory salary is used to calculate the employee and employer contributions as there are no maximum and minimum salary range.

Social Insurance Calculation for GCC Citizens

Social Insurance contributions are calculated and deducted from all employees who have a GCC nationality and are working in any of the GCC countries.

The Employee Social Insurance calculation card captures the following information:

- Whether it has been agreed that the country of citizenship will pay any difference in contribution amounts.

Note: You need to consider the Currency Conversion Rate across the country of citizenship and country of employment for social insurance calculation for GCC citizens working in Oman. You need to set up conversion rates before processing social insurance for GCC citizens.

Special rules for Saudi citizens with age above 50 years

- In the calendar year if the Saudi citizen reaches age 50, then there's no change in the contributory salary even if the actual salary has changed.

- In the calendar year following the 50th birthday, the contributory salary will be the lowest value of the current year's contributory salary or previous year's contributory salary, plus 10% or the previous year's contributory salary if there's no change in the salary.

Note: If there's no change in salary after the salary has been set using the preceding method, the same contributory salary is used.

Balance and Balance Feed

The following table illustrates the balances used, and the expected element balance feeds:

Citizenship	Sector	Balance	Notes
Kuwait	Government	<ul style="list-style-type: none"> Kuwait Employer Government Sector Social Allowance Base Kuwait Employee Government Sector Contributory Salary Base 	
Kuwait	Private	<ul style="list-style-type: none"> Employer Private Sector Social Allowance Base Kuwait Employee Private Sector Contributory Salary Base 	
Bahrain	Government	<ul style="list-style-type: none"> Bahrain Employer Government Sector Social Allowance Base Bahrain Employee Government Sector Contributory Salary Base 	A rule to limit social allowance to 150 BHD is applied. This is applicable if the contributory salary is derived from either of the contributory salary balances, or from the subject to social insurance balance.
Bahrain	Private	<ul style="list-style-type: none"> Bahrain Employer Private Sector Social Allowance Base Bahrain Employee Private Sector Contributory Salary Base 	A rule to limit fixed allowances to 100% of basic salary is applied. This is applicable if Bahrain Allowance Base in Private Sector balance is greater than Basic Salary. Excess amount is reduced from subject to social insurance.
Saudi	Government	<ul style="list-style-type: none"> Saudi Employer Government Sector Social Allowance Base Saudi Employee Government Sector Contributory Salary Base 	
Saudi	Private	<ul style="list-style-type: none"> Saudi Employer Private Sector Social Allowance Base 	

Citizenship	Sector	Balance	Notes
		<ul style="list-style-type: none">Saudi Employee Private Sector Contributory Salary Base	
UAE	Government	<ul style="list-style-type: none">UAE Employer Government Sector Social Allowance BaseUAE Employee Government Sector Contributory Salary Base	
UAE	Private	<ul style="list-style-type: none">UAE Employer Private Sector Social Allowance BaseUAE Employee Private Sector Contributory Salary Base	
All GCC countries	Government/Private	<ul style="list-style-type: none">Employer Contributory Salary	This balance is common to all GCC countries. The employer social insurance contributions will be calculated based on this amount.

Note: When creating the balance feeds for the contributory salary base or the social allowance base you need to ensure that the effective date reflects when you intend to use these balances in your social insurance calculation. This is applicable for both government and private sectors.

Social Protection Fund (SPF)

Social Protection Fund (SPF) is the new authority that's taken over the administration of Oman social insurance from 1st Jan 2024.

The social insurance components are replaced with the following:

- Insurance for Old Age, Disability and Death
- Insurance for Employment Security
- Saving Fund

Note: SPF applies to both private and government sector employees, and the Employer Type info held on the Employer Social Insurance Details calculation card doesn't apply for Omani citizens.

You can decide when you wish to include the new scheme to be processed in payroll.

Use the new attribute **SPF Scheme Start Period** to specify the date to activate the SPF scheme.

Note: This attribute is to be used to enable the SPF social insurance calculation by entering the period in which you want the calculation to start. Until then, the original social insurance calculation will continue.

The new employee/employer rates applicable from 01/01/2024 are:

Value Definition Name	Value
SPF Maximum Age	60
SPF Minimum Age	15
SPF Maximum Salary	3000
SPF Minimum Salary	0
Employee Insurance for Old Age, Disability and Death Rate	7.5
Employer Insurance for Old Age, Disability and Death Rate	11
Employee Insurance for Employment Security Rate	0.5
Employer Insurance for Employment Security Rate	0.5
Employer Insurance for Work Injuries and Occupational Diseases Rate	1
Employee Saving Fund Rate	9
Employer Saving Fund Rate	Note: Employer Savings Fund is optional for Omani's working in Oman. If the employer opts to pay it each employer chooses their own rate.

You can use the attributes in the Employee Social Insurance Details calculation card component to select the Employee/ Employer Saving Fund Rate:

- Saving Fund to be Paid by Employee
- Saving Fund to be Paid by Employer

Gratuity Calculation

Gratuity is an extra payment entitled to people working in Oman when they're terminated.

The entitlement to this payment is accrued during the work relationship.

Gratuity Calculation Factors

- Gratuity calculations are only triggered if a person isn't registered, or, isn't eligible for social insurance and if the employer has opted to pay gratuity to their employees.
- The Oman labor laws decide the gratuity amount to be paid.

If you're not following the Oman labor laws, you can define your own formula for gratuity processing. Look at the following options when using a formula:

- You can override the assigned gratuity amount. You don't need to use the localization solution for gratuity processing.
- You can create a setup according to the values to be returned to the formula run results.
- Define your own reference formula for gratuity processing, which replaces the gratuity formula defined at the legislative level. If a user defined formula exists, then the predefined formula executes it.

Tip: You don't need to use the localization solution for gratuity processing if you've defined a formula.

Gratuity Processing Rules

- The duration of service decides the number of days of gratuity payment for which the employee is entitled per year of service. These days are retrieved from the legislative repository for calculation information.
- Unpaid absences reduce the duration of service. Create elements for the Unpaid Leave classification and link them to an absence type to record this info.
- If an absence type is recorded, the value of days from Unpaid Leave elements is used in Leave Without Pay balance. This is used in the gratuity formula to get the unpaid absences.
- The base salary for gratuity is calculated through the salary formula selected at the legal employer level.
- **Terminations**
 - Gratuity isn't paid to employees if the reason for termination is Dismissal. Any other reason for termination will process gratuity payment.
 - If the employee doesn't meet the minimum service criteria, gratuity isn't paid. With the only exception, the reason being death.

Gratuity Entitlement

Factors such as Length of Service, Sector and Hire Date identify the calculation of gratuity payments. These are listed out below:

Sector	Length of Service	Hire Date	Entitlement	Maximum Amount
Private	0 to 12 months	NA	0	NA
Private	12 to 36 months	NA	15 days per year	

Sector	Length of Service	Hire Date	Entitlement	Maximum Amount
Private	36 months and above		15 days per year for the first 36 months and 30 days per year for the remaining service.	
Government	0 to 60 months	After 08 March 2011	0	
Government	60 months and above	After 08 March 2011	30 days per year	10 months salary with a max gratuity amount of 12000 OMR for grades 1-6. 12 months salary with a max gratuity amount of 1200 OMR for grades 7-14
Government	0 to 24 months	On or before 08 March 2011	0	
Government	24 months and above	On or before 08 March 2011	30 days per year	12 months salary with no maximum limit.

Note: There's no restriction for an organization to follow the above grades.

