

Payroll in Oman

5 hot topics to consider

The world is changing. Complexity builds on complexity and the arrival of COVID-19 and the changing dynamic between office and remote working has noticeably increased risks and challenges to employers and employees. Payroll is, or should be, a source of continuity and security for employees, and should be transparent, accurate and compliant for employers. With the growing importance of trends, such as remote working and the increasing complexity of tax and social security legislation, employers need to ensure their payroll is in order.

The 5 current payroll-related hot topics are:

1. Employer withholding administration

Withholding from income is already a payroll requirement for nationals of the GCC as they are subject to social security. Given the potential introduction of personal income tax in Oman, the ability to withhold and pay tax will be increasingly important.

Social security administration in the Gulf Cooperation Council (GCC) is typically complex and requires a system that tracks the country of employment, employee's nationality, as well as the social security rate in each of the GCC countries. In the UAE for example, this typically involves making a distinction between Emiratis who have a "family book" (i.e. Emiratis subject to social security) vs. those who do not (i.e. Emiratis not subject to social security).

2. Time and efficiency


The majority of time spent on payroll is consumed by manual processes, e.g. manual entry and adjustments, and loading payroll inputs. Significant amounts of time are also spent on data entry and reconciliation of payroll, audit and control. This time can be significantly reduced by leveraging next-generation technologies such as enterprise platforms and Robotic Process Automation (RPA).


3. Technology limitations


Technology limitations normally present the biggest challenge when dealing with payroll systems and can be a significant source of payroll system errors. Further, missing and late transactions entered manually by way of human input may also be a reason for errors if these are entered in a way that is inconsistent with the technology. Ideally, organizations should seek to identify and resolve these errors in advance of the payroll being run.

4. Measuring success

Key performance indicators (KPIs) are vital metrics for success, which can help determine the compliance and accuracy of payroll delivery. Typically, these KPIs include:

 Payment errors as a percentage (%) of the total payroll payments

 Time it takes to resolve payroll errors

 The average overall cost of producing a pay slip

5. Outsourcing vs. insourcing

81% of employers in Europe, the Middle East and Africa (EMEA) outsource some aspect of their payroll according to the Deloitte Global Payroll Benchmarking Survey.

Outsourcing payroll services to a third-party provider typically does not decrease cost, but it is done to reduce risk, eliminate the need to manage an in-house team, and lessen the burden of technology limitations within most organizations. Although most employers who outsource their payroll services are reasonably satisfied, they note the following top 5 areas for improvement:

- Compliance
- Reporting capabilities
- Accuracy
- Next-generation technology adoption
- Self-service capabilities



Case studies

Client A

Deloitte supported the Client in optimizing their Human Resources (HR) admin processes with respect to leave and loan management, and we provided a comprehensive outsourced payroll solution (including related compliance services) in the Middle East region.

Why this is relevant

- Illustrates experience in deploying a global payroll system with strong processing capabilities, employee self-service and manager self-service functionalities – Deloitte assisted the client in operating the deployed solutions and related HR functions.

What the project delivered

- Provided a web-based employee and manager self-service solution to manage leave requests, loan requests, voluntary employee retirement benefit contribution requests and employee payslips.
- Setup seamlessly connected with the client's core HR Management system and fed data into the global payroll system for automated monthly processing and HR/Finance reporting.
- Provided client HR Leadership with standardized reporting covering all mutually designed Key Performance Indicator matrices.
- Assisted in managing regulatory payroll related tax and social security compliance in the Middle East region.
- Supported with employee exit procedures and related computations.

What the project achieved

- Real time and online HR experience for employees in line with the client's global strategy.
- Accurate and timely compliance with statutory filing requirements in the Middle East region.

Client B

Deloitte operated as an extension to the client's core HR team responsible for employee matters in the Middle East and North Africa (MENA) region and managed day to day HR related functions related to global benefits administration and regional payroll management.

Why this is relevant

- Demonstrates experience in operating in accordance with processes designed and built based on global operating models to manage HR matters in scope.

What the project delivered

- Setup templates and operating procedures to ensure deliverables were processed in a standard format as agreed with the client.
- Developed output files as required by the client's global benefits administration and HRM system.
- Managed end-to-end payroll processes including local compliance services to strictly adhere to various complex statutory requirements in the countries covered in the MENA region.
- Initiated employee salary transfers on banking portals as per Service Line Agreements (SLAs) to meet monthly pay dates.
- Advised on regulatory changes in various jurisdictions pertaining to the HR matters in scope.
- Provided regular support during external and internal audits.

What the project achieved

- On time delivery and strict compliance to global SLAs as well as adherence to local statutory filing requirements in the MENA region.

How can Deloitte help?

Payroll services are becoming increasingly complex and a successful payroll delivery model can be vital for employers to achieve compliance and accuracy. These services will also prove useful in improving the employees' experience, supporting and retaining talent and enabling the organizations' long-term growth.

Deloitte in the Middle East provides a wide range of solutions that can help businesses enhance internal efficiency and performance while ensuring alignment with the required compliance regulations in the region. Our solution for payroll compliance is designed to deliver a unique experience through a centrally led, regionally coordinated and technology enabled approach.



At Deloitte we use standardized and certified processes for implementing payroll solutions that are widely recognized for high quality, reliability, and cost-efficiency.

Contact us

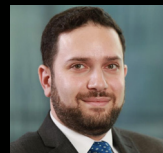
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