

# MICROSOFT DYNAMICS GP PAYROLL YEAR-END CLOSING PROCEDURES

The Payroll year-end closing procedure for Microsoft Dynamics GP prepares the Year-End Wage File which is used to create employee W2s. This process also resets the employee summary screen for the upcoming year.

## Steps to Perform a Year-End Close

1. Verify the version of Microsoft Dynamics GP. Year End Updates and Tax Updates are only available for the following versions of Microsoft Dynamics GP:
  - a. Version 2015
  - b. Version 2016
  - c. Version 2018
2. Install the Required Payroll Year-End Update.
3. Complete all pay runs for the current year.
4. Complete all Payroll monthly and quarterly procedures.
5. Review and verify W2 and 1099-R related information.
6. Make a backup.
7. Create the Year-End Wage File.
8. Verify W2 and 1099-R information.
9. Print W2 statements, W3 transmittal form, 1095-C statement and 1094-C transmittal form.
10. Print 1099-R forms and 1096 transmittal form.
11. Create a Magnetic Media file, if required.
12. Archive inactive employee Human Resources information (optional).
13. Clear inactive employee Human Resources information (optional).
14. Set up fiscal periods for the new year.
15. Close the fiscal periods for the Payroll series for the current year (optional).
16. Install the Payroll Tax Update for the upcoming year.

# MICROSOFT DYNAMICS GP

## PAYROLL MANAGEMENT YEAR-END CLOSING CHECKLIST

### Step 1: Verify the Version of Microsoft Dynamics GP

Be sure to verify the version of Microsoft Dynamics GP (Help > >About Microsoft Dynamics GP). This will ensure that you receive the proper Payroll Tax Update for your system.

### Step 2: Install the REQUIRED Year-End Update

The Year-End Update can be installed anytime between now and the end of the year. The Year-End Update **MUST** be installed on **EACH** GP workstation. Users should not log into Microsoft Dynamics GP until after the update has been installed on each workstation. The Year-End Update includes all service packs and hotfixes released prior to the release of the Year-End Update.

### Step 3: Complete All Pay Runs for the Current Year

Print and post all payroll runs for the current year.

### Step 4: Complete Month-End and Quarter-End Procedures

You should already be accustomed to completing month-end and quarter-end payroll procedures. Follow your regular procedures for those periods now, including printing reports and posting tax liabilities.

### Step 5: Review W2 and 1099-R Related Information

The W2s pull information from several different areas within Microsoft Dynamics GP. We recommend that you review the following items to help ensure your W2s are accurate.

- Reconcile Year-to-Date Payroll Amounts – Using the following period end reports, you can manually calculate the Federal, State and FICA wages, as well as FICA Social Security and FICA Medicare Tax.
  - ◆ Payroll Summary
  - ◆ Pay Code Summary
  - ◆ Deduction Summary
  - ◆ Benefit Summary
  - ◆ State Tax Summary
- Review Federal and State Tax IDs – Use the Tax ID Setup report to review this information. Use the Payroll Tax Identification Setup window to update your tax ID numbers.
  - ◆ Microsoft Dynamics GP >> Tools >> Setup >> Payroll >> Tax IDs
- Review Deduction and Benefit W2 Box and Label Fields – To verify the appropriate deductions/benefits will print in the correct W2 boxes with the correct labels, review the Deduction/Benefit setup windows at the company level. You can update the W2 box and labels information here and roll it down to the employees. Be sure that you do not change anything else in the Deduction/Benefit setup windows.
- Statutory Employee and Retirement Plan Checkboxes – Using SmartLists, review the employees to verify the appropriate employees have the **Statutory Employee** and/or **Retirement Plan** checkboxes marked on the Employee Tax Information window.

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## PAYROLL MANAGEMENT YEAR-END CLOSING CHECKLIST

### Step 6: Make a Backup

Make a backup of all company data and code and place it in safe, permanent storage. This gives you a permanent record of the company's financial position at the end of the year and can be restored later, if necessary.

### Step 7: Create the Year-End Wage File

Use the Payroll Year-End Closing window to create a file of annual wage information. This file is used for printing W2s and 1099-R statements. Microsoft Dynamics GP has the ability to store Year-End Wage Files for multiple years. These files can also be cleared in Payroll Utilities. To create the Year-End Wage File, select the appropriate year in the **Year** field, mark the **Create Year-End Wage File** option, then click the **OK** button.

- Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> Year End Closing

#### Notes:

- *The Tax Update for the upcoming year can be installed anytime after the Year-End Wage File has been created.*
- *If the tax tables for the upcoming year have not been loaded, you can remove the Year-End Wage File, make corrections and recreate the Year-End Wage File.*

### Step 8: Verify W2 and 1099-R Statement Information

#### Verify W2 Information:

- The **Year-End Wage Report** displays the information that will print on W2 statements. Print the report and verify W2 information before printing W2 statements.
  - ♦ Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> Year End Wage Report
- You can also print the W2 Validation Report or **W2 statements** to blank paper to verify the information by using the Print W2 Forms-USA window.
  - ♦ Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> Print W2s
- If you need to view or make changes to W2 information, you can do so by using the Edit W2 Information window. **Changes made here will affect only the Year-End Wage File**, not the employees' permanent records.
  - ♦ Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> Edit W2s

#### Verify 1099-R Statement Information:

- You can print the 1099-R Validation Report or 1099-R statements to blank paper to verify the information by using the Print 1099-R Forms-USA window.
  - ♦ Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> Print 1099-Rs
- If you need to make changes to 1099-R information, you can do so by using the Edit 1099-R Information - USA window. Changes made here will affect only the Year-End Wage File, not the employees' permanent records.

# MICROSOFT DYNAMICS GP

## PAYROLL MANAGEMENT YEAR-END CLOSING CHECKLIST

### Step 9: Print the W2 Forms and W3 Transmittal Form

Open the Print W2s window: Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> Print W2s.

#### Printing W2 Forms:

- Enter appropriate year in the **Year** field.
- Enter the Company, Address ID and Employer Identification Number for the form.
- Mark the **Normal Year-End** option.
- Select the sort order.
- Mark **W2 Forms** in the Print box. You might want to mark **W2 Forms Alignment** to print an alignment form first to be sure the forms are correctly aligned in your printer.
- Select the form type.
- Click the **Print** button.

#### Printing the W3 Transmittal Form:

- Enter the appropriate year in the **Year** field.
- Enter the Company, Address ID and Employer Identification Number for the form.
- Mark the **Normal Year-End** option.
- Mark **W3 Transmittal Form** in the Print box.
- Click the **Print** button.

#### Printing 1095-C Forms:

- Enter the appropriate year in the **Year** field.
- Enter the Company, Address ID and Employer Identification Number for the form.
- Mark the **Normal Year-End** option.
- Mark **1095-C** in the Print box.
- Click the **Print** button.

#### Printing the 1094-C Form:

- Enter the appropriate year in the **Year** field.
- Enter the Company, Address ID and Employer Identification Number for the form.
- Mark the **Normal Year-End** option.
- Mark **1094-C Transmittal Form** in the Print box.
- Click the **Print** button.

# MICROSOFT DYNAMICS GP PAYROLL MANAGEMENT YEAR-END CLOSING CHECKLIST

## Step 10: Print the 1099-R Forms and 1096 Transmittal Form

When all 1099-R information is correct, print 1099-R statements to show employee distributions from a retirement plan.

**Note:** 1099-R statements will be printed only for employees with pay code types of Pension.

### Printing 1099-R statements:

- Enter the appropriate year in the **Year** field.
- Enter the Company, Address ID and Employer Identification Number to be printed on the 1099-R statements.
- Select the sort order.
- Mark **1099-R Forms** in the Print box. You might want to first print an alignment form to be sure that 1099-R forms are correctly aligned in your printer.
- Select the form type.
- Click the **Print** button.

### Printing the 1096 Transmittal Form:

- Enter the appropriate year in the **Year** field.
- Enter the Company, Address ID, and Employer Identification Number to be printed on the 1096 transmittal form. Mark **1096 Transmittal Form** in the Print box, then click the **Print** button.

## Step 11: Create a Magnetic Media File (if required)

If you have purchased and installed the Magnetic Media module for Microsoft Dynamics GP, you can create the files for federal and/or state filing.

- Microsoft Dynamics GP >>Tools >> Routines >> Payroll >> W2 Magnetic Media

*Note: Microsoft Dynamics GP does not offer a solution for electronic filing of the 1095C information. If this is a requirement for your organization, there are third-party solutions available.*

## Step 12: Archive Inactive Employee Human Resources Information (optional)

If you have purchased and installed the Human Resources module for Microsoft Dynamics GP, you have the ability to archive employees that are marked as Inactive. See the Human Resources manual for further instructions.

## Step 13: Clear Inactive Employee Human Resources Information (optional)

If you have purchased and installed the Human Resources module for Microsoft Dynamics GP, you can clear inactive employees' information from the Human Resources module.

# MICROSOFT DYNAMICS GP PAYROLL MANAGEMENT YEAR-END CLOSING CHECKLIST

## Step 14: Set Up Fiscal Periods for the New Year

If you have not set up the New Year in the Fiscal Periods Window, you must do so before processing any transaction in the New Year.

- Microsoft Dynamics GP >> Tools >> Setup >> Company >> Fiscal Periods

## Step 15: Close Current Year Fiscal Periods for the Payroll Series (optional)

Once you have cleared financial information, you also should use the Fiscal Periods Setup window to close any payroll periods that are still open for the year. This keeps transactions from accidentally being posted to the wrong period or year.

Be sure you have posted all payroll transactions for the period and year for all modules before closing fiscal periods. If you later need to post payroll transactions to a fiscal period you have already closed, you will need to return to the Fiscal Periods Setup window to reopen the period before you can post the transaction.

- Microsoft Dynamics GP >> Tools >> Setup >> Company >> Fiscal Periods

## Step 16: Install Payroll Tax Tables for the New Year

Follow the instructions that came with your Tax Table Update to install new Payroll tax tables before performing a pay run in the new year. Tax tables should only be updated **after** the Year-End Wage File has been created.

# MICROSOFT DYNAMICS GP PROCESSING PAY RUN PRIOR TO PRINTING CURRENT YEAR-END STATEMENTS CHECKLIST

Use the following checklist if you need to process pay runs in the new year, before printing your W2 and 1099-R information for the current year

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5. Review and verify W2 and 1099-R related information.
6. Make a backup.
7. Create the Year-End Wage File.
8. Archive inactive employee Human Resources information (optional).
9. Clear inactive employee Human Resources information (optional).
10. Set up fiscal periods for the new year.
11. Close the fiscal periods for the Payroll series for the current year (optional).
12. Install the Payroll Tax Update for the upcoming year.
13. Verify W2 and 1099-R information.
14. Print W2 statements and W3 transmittal form.
15. Print 1099-R forms and 1096 transmittal Form.
16. Create a Magnetic Media file, if required.

## MICROSOFT DYNAMICS GP PAYROLL MANAGEMENT YEAR-END CLOSING FAQ

- Q:** If the printer jams when printing the W2 forms, can I reprint a range of W2 forms by employee ID?
- A:** Yes, you have the ability to print W2s by a range of employees.
- Q:** What is the 42nd W2 statement?
- A:** It is a subtotal of the previous 41 W2 statements.
- Q:** Will the system print additional W2 statements if the employee has multiple records?
- A:** The system will print additional W2 forms for employees with multiple state tax records, multiple local tax records, multiple deduction records and multiple benefit records. Additional W2 statements will print only for those employees with multiple records.
- Q:** If you printed a W2 statement during the year for an inactive employee, will the W2 statement for that employee be printed again during the W2 run at the end of the year?
- A:** Yes.
- Q:** If I choose not to reset my vacation and sick hours available back to zero, what happens when I do the year-end close?
- A:** It will carry the amount available that they had remaining at the end of the year to the new year.
- Q:** Can I reactivate an employee that is inactive and has had a W2 form printed?
- A:** Yes. Microsoft Dynamics GP does not track whether a W2 has been printed or not.
- Q:** In the Year-End Wage Report window, there is a selection list used to specify the year to be printed. Does this mean that the Year-End Wage File is not removed after printing W2 statements? Using Report Writer, can I access the Year-End Wage Report to create a report showing year-end information for multiple years?
- A:** The information is not removed unless you remove year-end information using Payroll Utilities. You can create reports using this information.
- Q:** If there are two deductions/benefits that are defined to print in the same W2 box with the same W2 label, will their amounts be combined and printed as one?
- A:** Yes. The amounts will be combined instead of printed separately.
- Q:** Is there a way to verify my file formats for W2s before submitting them electronically?
- A:** Yes. Download the ACCUWAGE tool at [www.ssa.gov/employer/software.htm](http://www.ssa.gov/employer/software.htm).
- Q:** I received a message that I cannot calculate checks while the year-end closing is in process. I've already finished the year-end closing process. What is causing this message?
- A:** This situation occurs after the Year-End Wage File has been created and the build date for the payroll is in the year that was just closed. To resolve the situation, change your Microsoft Dynamics GP user date to equal the check date, then rebuild and calculate the payroll. You do not need to change the pay period dates.