HOOPS
SMART ACCOUNTING
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Microsoft Dynamics GP: U.S. Payroll
Year-End Closing Procedures

Introduction

This document outlines the recommended year-end closing procedures for Microsoft Dynamics GP Payroll. The year-end close process:

- Clears out the open year for payroll information and moves all calendar year information to history.
- Creates the year end wage file with annual wage information used to edit and generate W2s, W3s, 1099's, and magnetic media for the year being closed.

This document contains a detailed checklist of the steps that you must follow to complete the year-end closing procedures and an alternative checklist to use instead of the standard checklist if you must process 2020 pay runs before you complete the year-end closing procedures for 2019. The payroll module year-end details section contains detailed information about each step. Payroll year-end hints, questions & answers, and resources follow the description of the procedures.

Note: Before you follow the instructions in this article, make sure that you have a complete backup copy of the database that you can restore if a problem occurs.

Read this whole article before you perform any one of the steps. If you have any questions, contact HOOPS at support@hoopsinc.com or call (715) 831-9737.

Year-end checklist

To perform the year-end closing procedures, follow these steps:

1. Verify that you have installed the latest 2019 payroll tax update
2. Complete all pay runs for the current year
3. Complete all month-end, period-end, or quarter-end procedures for the current year
4. Make a backup of the original file
5. Install the Year-End Update
6. Create the Year-End file
7. Make a backup of the new file
8. Verify W-2 and 1099-R statement information
9. Print the W-2 statements and the W-3 Transmittal form
10. Print the 1099-R forms and the 1096 Transmittal form
11. (Optional:) Create the W-2 Electronic file
12. (Optional:) Archive inactive employee Human Resources information
13. Set up fiscal periods for 2019
14. (Optional:) Close fiscal periods for the payroll series for 2019
15. Install the payroll tax update for 2020

Alternative payroll year-end checklist

If you must process 2020 pay runs before you complete the 2019 year-end closing procedures, follow the steps in this alternative checklist:

1. Verify that you have installed the latest 2019 payroll tax update
2. Complete all pay runs for the current year
3. (Optional:) Complete all month-end, period-end, or quarter-end procedures for the current year
4. Make a backup of the original file
5. Install the Year-End Update
6. Create the year-end file
7. Make a backup of the new file
8. Verify W-2 and 1099-R statement information
9. (Optional:) Archive inactive employee Human Resources information
10. Set up Fiscal Periods for 2020
11. (Optional:) Close the fiscal periods for the Payroll series for 2019
12. Install the payroll tax update for 2020
13. Process the 2019 pay runs. The user date must occur in 2019.
14. Print the W-2 statements and the W-3 Transmittal form
15. Print the 1099-R forms and the 1096 Transmittal form
16. (Optional:) Create the W-2 Electronic file

Payroll module year-end details

Verify that you have installed the latest 2019 tax update
Download the latest tax table updates and installation instructions from CustomerSource:
https://mbs.microsoft.com/customersource/northamerica
Note: The latest tax tables will ensure that the FICA wage limit is correct. To check your tax table update date, click on Microsoft Dynamics GP, point to Tools, point to Setup, point to System, and click on Payroll Tax. W2 Medicare Taxable Wages may be incorrect on W2s (Box 5) for employees making more than $200,000 if the year-end update is not installed.

Complete all pay runs for the current year

It is important that you complete all pay runs for 2019 before you install the 2020 payroll tax update. If you install the 2020 payroll tax update before completing the pay runs, taxes will be calculated at 2020 rates for the remainder of the 2019 pay runs.
(Optional:) Complete all monthly and quarterly payroll month-end, period-end, or quarter-end procedures for the current year
For more information about period-end procedures for payroll, view Chapter 21, "Payroll Company Routines," in the Microsoft Dynamics GP user's manual. You can find this user manual in Dynamics GP by clicking on the Help icon, click on Printable Manuals, click on Human Resources/Payroll and then click on Payroll (USA) with Direct Deposit

Make a backup of the original file

Create a backup, and then put this backup into safe, permanent storage. By creating a backup, you make sure that you have a permanent record of the company's financial position at the end of the year. You can restore the backup to quickly recover data if a power fluctuation or other problem occurs during the year-end closing procedure.

To create a backup in Microsoft Dynamics GP, follow these steps:

1. In Microsoft Dynamics GP, point to Maintenance on the Microsoft Dynamics GP menu, and then click Backup. **Note:** The Back Up Company window opens.
2. In the Company Name list, click your company name.
3. Change the path of the backup file if it is required, and then click OK.

Note: We recommend that you name this backup 2019 Pre Year-End Update to differentiate it from your other backups.

Install the 2019 year-end update

To install the payroll year-end update, you must follow the steps in the Microsoft Dynamics GP U.S. 2019 Year-end document. The install must be performed on each computer that has Microsoft Dynamics GP installed. Do not log in to your application until the update has been installed on all workstations that run Dynamics GP.

This update is all inclusive of prior updates and product quality fixes around payroll year end for Microsoft Dynamics GP2015, GP2016, and GP2018. EFW2 (Electronic Filing) changes are included in the update.

Note: Be sure to unmark the Launch option after each successful installation.
Note: Please be sure to allow enough time for installing the year end update! HOOPS can assist with installing this; please contact us to schedule.

When the update is released, install the update from: **CustomerSource**
https://mbs.microsoft.com/customersource/northamerica

Create the year-end file

To create the year-end file, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Year-End Closing.
2. In the Year field, type 2019, and then click Process.

Note: You can install the payroll tax update for 2020 any time after the year-end file for 2019 has been created.

Print the year-end wage report
To create the year-end wage file, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Year-End Wage Report.
2. Select the year, and then click Print.

Make a backup of the new file

Create a backup, and then put this backup into safe, permanent storage. By creating a backup, you make sure that you have a permanent record of the company's financial position at the end of the year. You can restore the backup to quickly recover data if a power fluctuation or other problem occurs during the year-end closing procedure.

To create a backup in Microsoft Dynamics GP, follow these steps:

1. In Microsoft Dynamics GP, point to Maintenance on the Microsoft Dynamics GP menu, and then click Backup.
2. In the Company Name list, click your company name.
3. Change the path of the backup file if it is required, and then click OK.

Note: We recommend that you name this backup 2019 Post Year-End File to differentiate it from your other backups.

Verify W-2 and 1099-R statement information

To view the W-2 information in Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Edit W-2s.

To view the 1099-R information in Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Edit 1099-Rs.

Note: If you change the W-2 or the 1099-R information, we recommend that you make another backup.
Note: If you make permanent changes, such as employee address, we recommend changing the information on the employee card as well.

Print the W-2 Validation Report, W-2 statements and the W-3 Transmittal form

To print the W-2 Validation Report, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Print W-2s.
2. In the Print W-2 Forms window, specify the following settings:
    a. Print W-2s for: Normal Year-End
    b. Print: Validation Report
3. Click Print.

Note: Use report to verify the W-2 information before printing W-2 forms according to the Software Edit Criteria specified by the Social Security Administration. You can print the W-2 Validation Report as many times as you have to.

To print the W-2 statements, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Print W-2s.
2. In the Print W-2 Forms window, specify the following settings:
    a. Print W-2s for: Normal Year-End
    b. Print: W-2 Forms
    c. Select applicable print order
    d. Select applicable Form Type
    e. Select Kind of Employer from drop down, if applicable
3. Click Print.

Note: You can print employee W-2 statements as many times as you have to.

To print the W-3 Transmittal Form, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Print W-3s.
2. In the Print W-2 Forms window, specify the following settings:
    a. Print W-2s for: Normal Year-End
    b. Print: W-3 Transmittal Form
3. Click Print.

Note: You can print the W-3 Transmittal Form as many times as you have to.

Note: If you have tipped your employees, print form 8027 for tipped employees. You must create the Year-End Wage file to print this report. Microsoft Dynamics GP > Tools > Routines > Payroll > Form 8027

Hint: If you are in the "Form 8027" window, you can choose 'Print' from the File menu, or click on the printer icon in the upper right-hand corner of the window to print the Preparation Report for Form 8027.

Print the 1099-R Validation Report, 1099-R forms and the 1096 Transmittal form

To print the 1099-R Validation Report, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll and then click Print 1099-Rs.
2. In the Print 1099-R Forms window, click Validation Report, and then click Print.

Note: Use this option to print a report to verify the 1099-R information. You can print employee 1099-R Validation Report as many times as you have to.

To print the 1099 forms, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll and then click Print 1099-Rs.
2. In the Print 1099-R Forms window, click 1099-R Forms, and then click Print.

Note: You can print employee 1099-R forms as many times as you have to.

To print the 1096 Transmittal form, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click Print 1099-Rs.
2. In the Print 1099-R Forms window, click 1096 Transmittal Form, and then click Print.

Note: You can print the 1096 Transmittal form as many times as you have to.

(Optional:) Create a W-2 Electronic File

To create a W-2 Electronic File, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Routines, point to Payroll, and then click W-2 Electronic File.
2. In the W-2 Electronic File window, click to select the check box that is next to each company that you want to include in your W-2 Electronic File.
3. In the User ID Number field, enter the user ID number (formerly called a PIN).
4. Click Submitter. The Electronic Filer Submitter Information window opens. Enter the submission information.
5. Change the file destination information in the File Name field if it is required.
6. Click Create File or Save to store the information to create the file later.

(Optional): Archive inactive employee Human Resources information

To archive inactive employee Human Resources information in Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Utilities, point to Human Resources, and then click Archive Employee.

Set up fiscal periods for 2019

To set up fiscal periods for 2019, follow these steps:

1. In Microsoft Dynamics GP, point to Setup on the Microsoft Dynamics GP menu, point to Company, and then click Fiscal Periods.
2. In the Year field, type 2019, and then click Calculate.
   Note: You may want to close all periods except period 1 to prevent users from posting to future periods.
3. Click OK.

(Optional:) Close fiscal periods for the payroll series for 2019

You can use the Fiscal Periods Setup window to close all fiscal periods that are still open for the year. By closing fiscal periods, you prevent users from accidentally posting transactions to the wrong period or to the wrong year.

Before you close a fiscal period, verify that you have posted all transactions for the period and for the year for all modules. To later post a transaction to a fiscal period that you have closed, you must first reopen the period in the Fiscal Periods Setup window.

To close a fiscal period, follow these steps:

1. In Microsoft Dynamics GP, point to Tools on the Microsoft Dynamics GP menu, point to Setup, point to Company, and then click Fiscal Periods.
2. Click to select the Payroll check box for each Period that you close.

Install the payroll tax update for 2020

Note: Do not install the payroll tax update for 2020 until the year-end file has been created for 2019 for ALL companies that process payroll. The payroll tax update is a system wide update.

To install the payroll tax update for 2020, follow these steps:

1. In Microsoft Dynamics GP, point to Maintenance on the Microsoft Dynamics GP menu, point to U.S. Payroll Updates, and then click Check for Tax Updates.
2. In the Tax Update Method window, click Automatic, and then click next.
3. In the Authorization Number field, type your authorization number, and then click Log in.
4. Click Finish.

HOOPS PAYROLL YEAR-END HINTS

HOOPS TIP #1: When printing your W2's, print alignment forms on blank paper first to see if your fields all line up. Then, when you think they are OK to print, print ONLY one or two of your W2s first, to verify that all the boxes are lined up correctly with the form. Please do these steps before sending all of your W2s to the printer!

HOOPS TIP #2: Tax tables are system-wide, so they only need to be loaded one time. Service packs and year-end update contains GP code, so any workstations that have GP, along with the server's GP client code, must have the same code and service pack versions loaded.

HOOPS TIP #3: A common error while calculating checks for the New Year while year end is in process: "checks cannot be calculated while the year-end closing is in process." Resolution: You need to make sure the check date and Dynamics GP user date are both set for the New Year.

HOOPS TIP #4: There is the option to sort employees by Active employees only – greatly increasing the speed in which you can find and sort employees.

HOOPS TIP #5: Another option for inactive employees is to rename the employee IDs using the Professional Service Tools Library (PSTL), which is now a FREE option for all GP customers. For instance, if your employee IDs are alphabetical, you could rename inactive employee IDs to ZZemployee_name so they show up on the bottom of the list for lookups. This way you don't have to delete employee records, and lookup windows are cleaner. Additionally, renaming the IDs to ZZ07employee_name may make it easier to delete an inactive range of employees at a later time if you should decide to do so.

PAYROLL YEAR-END QUESTIONS AND ANSWERS

TIMING FOR TAX UPDATE INSTALLATION

Q: What will happen if I've already closed the 2019 Payroll tax year and don't install the 2020 tax update right away?

A: Until you install the 2020 tax update containing FICA, federal and state tax changes, the tax calculations for your 2020 pay runs may be incorrect, unless you've manually updated your tax tables.

MULTIPLE PAYROLL COMPANIES

Q: If I use multiple companies with my accounting system, do I have to install the tax update for each company?

A: No, the program will automatically update the system tables containing Payroll tax information. All of the companies refer to the same payroll tax tables so will reflect the update.

2019 CHECK PRINTING

Q: I need to print my 2019 checks before I can print W-2's. What should I do?

A: Once you create the Year-End Wage file, clear financial information, and install the 2019 tax update, you can print checks for the new calendar year. Follow the Alternative Payroll Year-End Checklist provided in this document.

ALIGNMENT FORM

Q: When I print the alignment form, information is only printing on the top form. How do I get it to print on both the top and bottom forms?

A: To see what W-2's will look like, you need to print a small range of employees as the alignment form will only print the top form.

DIFFERENT EMPLOYER NUMBERS

Q: If my Employer's State ID Number and Unemployment ID Numbers differ, do I need to make changes to any information to print the employer state ID number on W-2?

A: No. Dynamics GP allows you to maintain state ID numbers separate from unemployment ID numbers, so you won't need to manually change the number back to your Unemployment ID number after creating the Year-End Wage File, or enter the Employer State ID number for each applicable employee's W-2 information. You can verify that the Employer State ID numbers are correct by referring to the Payroll Tax Identification Setup window.
Microsoft Dynamics GP > Tools > Setup > Payroll > Tax ID

DIRECT DEPOSIT CLOSING
Q: Is there a year-end closing procedure for Direct Deposit?

A: No, there are no Year-End closing procedures for Direct Deposit.

HUMAN RESOURCES CLOSING
Q: Is there a year-end closing procedure for Human Resources with Integration to Payroll?

A: There are no year-end closing procedures for Human Resources with Integration to Payroll.

W2 – FOUR TO A PAGE
Q: Can I print four W-2 statements to a page?

A: Yes, you are able to print four W-2 statements to a page. Four statements for the same employee will print per page. The form contains Copy B, Copy C and two Copy 2 forms. Copy A and Copy D must be printed separately. Copy A will be printed on magnetic media, if you're using Federal W-2 Magnetic Media. You can still print W-2's in the 1-Wide Continuous, 2-Wide Continuous and 1-Wide Single Feed forms in all Dynamics GP releases supported for the 2019 Year-End and 2019 Payroll Tax Update.

MULTIPLE W-2s
Q: How do I print multiple W-2 statements for each employee?

A: Using Laser form "sets" – If you want to print all the required forms for each employee at a time (you're using laser form "sets"), simply enter the number of copies you need to print in the "number of copies" field in the print dialog box that appears after you select print in the Print W-2 Forms window.

For example, if you need to print four copies of the W-2 statement for each employee, enter "4" in the Print dialog box. Information for two employees will be printed per page: Copy A – for two employees, Copy B for two employees, Copy C for two employees, Copy D for two employees, etc. until the required number of copies have printed for all employees.

Using Laser form "sheets" – If you want to print all forms for all employees, repeat the Printing W-2 Statements procedure as many times as necessary to print the required number of copies. For example, if you need to print copies of the W-2 statements put the Copy A sheets into the printer and follow the procedure. Copy A W-2 statement will print for each employee. Then, put the Copy B sheets into the printer and repeat the procedure, and so on, until all required forms are printed for all employees.

GREENSHADES
Q: When does the Greenshades update come out?

A: Greenshades updates are applied automatically when you launch their product. You can rest easy knowing you will always have the latest version of the product.

USER ACCESS
Q: Should ALL users be out of system for Payroll Year-End Close?

A: No, you do not HAVE to get all users out of GP prior to closing payroll. However, users should not access payroll or HR windows during the payroll YE close. Additionally, payroll requires at least two named backups. If users are in the system when payroll is closed, and then the pre-close backup should have to be restored for any reason, the other users will have to re-key any transactions that they had keyed in the meantime. So if possible, the optimal scenario would be for no other users in the system during any module close, including payroll.

CLOSING ORDER
Q: When can you perform Payroll Year-End closing (in what order)

A: Payroll is not dependent upon the other modules. Payroll can be closed first, last, or anywhere in between the other modules. The only consideration is installing the year-end code update prior to creating the year-end wage file. Payroll is always at calendar year-end.

PAYROLL YEAR-END RESOURCES

Partner — Contact HOOPS for more information or if you need assistance with any of the items mentioned above. Call (715) 831-9737 or email support@hoopsinc.com.

Payroll Tax Facts — Check out Tax Updates at the Downloads & Updates section of CustomerSource to find out what year-end maintenance and tax changes are included in each update and to download the update. All instructions for downloading and installing the tax updates will be provided there, as well.

IRS Forms and Publications — Available at http://www.irs.gov/formspubs/index.html

Electronic File Verification — Accuwage for Electronic File Verification available at http://www.ssa.gov/employer/accuwage/index.html

Year-end Order Forms — Please call Deluxe Checks at 800-432-1281 and mention MM4321.