

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, 1095-C's, 1094-C'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 2024 pay runs before you complete the year-end closing procedures for 2023. 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.

What does the Year End Close process do?

The Year-End process/steps will create the Year End Wage file with annual wage information used to generate W2s, W3s, and EFW2's (aka Magnetic Media), 1095-Cs, and 1094-Cs (ACA) for the year being closed.

Payroll Regulatory / Year-End Specific information:

- There are NO changes to W-2, W-3, W-4 forms, or EFW2 magnetic media.

Note: Before you follow the instructions in this document, 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 2023 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 2023 Year-End Update, if it has not already been installed.
6. Create the Year-End Wage 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, the 1096 Transmittal form and ACA forms.
11. (Optional:) Create the W-2 Electronic file.
12. (Optional:) Archive inactive employee Human Resources information.
13. Set up fiscal periods for 2024, if they have not yet been set up.
14. (Optional:) Close fiscal periods for the payroll series for 2023.
15. Install the payroll tax update (2024 Round 1 Tax Update) for 2024.

Alternative payroll year-end checklist

If you must process 2024 pay runs before you complete the 2023 year-end closing procedures, follow the steps in this alternative checklist:

1. Verify that you have installed the latest 2023 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 2023 Year-End Update.
6. Create the year-end wage 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 2024.
11. (Optional:) Close the fiscal periods for the Payroll series for 2023.
12. Install the payroll tax update for 2024.
13. Process the 2024 pay runs. The user date must occur in 2024.
14. Print the W-2 statements and the W-3 Transmittal form.
15. Print the 1099-R forms, the 1096 Transmittal form and ACA forms.
16. (Optional:) Create the W-2 Electronic file.



Payroll module year-end details

Step 1: Verify that you have installed the latest 2023 tax update

Download the latest tax table update and installation instructions for 2023 to ensure your FICA Wage Limit is correct. To access the **U.S. Payroll Tax Update** pages, select the **US Taxes** link for your version within the [Microsoft Dynamics GP Resource Directory](#) page or select the following link:

[U.S. Payroll Tax Update for Microsoft Dynamics GP](#)

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 > Tools > Setup > System >** and click on **Payroll Tax**. The Last Tax Update should be at least 12/21/2022 (Round 1 for 2023) or later.

Step 2: Complete all pay runs for the current year.

It is important that you complete all pay runs for 2023 before you install the 2024 payroll tax update. If you install the 2024 payroll tax update before completing the pay runs, taxes will be calculated at 2024 rates for the remainder of the 2023 pay runs.

Step 3: (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 for Microsoft Dynamics GP, use the [Printable guides](#) to obtain the printable manual for U.S. Payroll.

Step 4: 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, select **Microsoft Dynamics GP > Maintenance > 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 2023 Pre Year-End Update to differentiate it from your other backups.

Step 5: Install the 2023 year-end update.

To install the payroll year-end update, you must follow the steps in the Microsoft Dynamics GP U.S. 2023 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 GP18.4 and GP18.5. 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 and download the 2023 Year End document from [U.S. Year-End Update for Microsoft Dynamics GP](#).

Step 6: Create the year-end file.

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

1. In Microsoft Dynamics GP, select **Microsoft Dynamic GP > Tools > Routines > Payroll > Year-End Closing**.
2. In the **Year** field, type 2023, and then click **Process**.

Note: You can install the payroll tax update for 2024 any time after the year-end file for 2023 has been created.

Step 6a: Print the year-end wage report.

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

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > Year-End Wage Report**.
2. Select the **Year**, and then click **Print**.

Step 7: 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, select **Microsoft Dynamics GP > Maintenance > Backup**.
2. In the **Company Name** list, select your company name.
3. Change the path of the backup file if it's required, and then select **OK**.

Note: We recommend that you name this backup 2023 Post Year-End File to differentiate it from your other backups.

Step 8: Verify W-2 and 1099-R statement information.

To view the W-2 information in Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > Edit W-2s**.



To view the 1099-R information in Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools Routines > Payroll > 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.

Step 9: 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, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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 need to.

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

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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-3 Transmittal Form
3. Click **Print.**



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

Step 10: Print the 1099-R Validation Report, 1099-R forms, the 1096 Transmittal form and ACA forms.

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

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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 need to.

To print the 1099 forms, follow these steps:

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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 need to.

To print the 1096 Transmittal form, follow these steps:

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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 need to.

To print the 1095-C (ACA) forms, follow these steps:

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > Print W-2s.**
2. In the **Print W-2 Forms** window, click **1095-C**, and then click **Print**.

To print the 1094-C Transmittal form, follow these steps:

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > Print W-2s.**
2. In the **Print W-2 Forms** window, click **1094-C Transmittal**, and then click **Print**.



Step 11: (Optional:) Create a W-2 Electronic File

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

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Routines > Payroll > 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.

Step 12: (Optional): Archive inactive employee Human Resources information

To archive inactive employee Human Resources information, select **Microsoft Dynamics GP > Tools > Utilities > Human Resources > Archive Employee**.

Step 13: Set up fiscal periods for 2024.

To set up fiscal periods for 2024, follow these steps:

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Tools > Setup > Company > Fiscal Periods**.
2. In the **Year** field, type 2024, and then click **Calculate**.
Note: You may want to close all periods except period 1 to prevent users from posting to future periods. This is a 'soft-close' and just prevents users from posting transactions to these dates or periods.
3. Click **OK**.

Step 14: (Optional:) Close fiscal periods for the payroll series for 2023.

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, select **Microsoft Dynamics GP > Tools > Setup > Company > Fiscal Periods**.
2. Select the **Payroll** check box for each **Period** that you close.

Step 15: Install the payroll tax update for 2024.

Note: Do not install the payroll tax update for 2024 until the year-end file has been created for 2023 for ALL companies that process payroll. **The payroll tax update is a system wide update.**



To install the payroll tax update for 2024, follow these steps:

1. In Microsoft Dynamics GP, select **Microsoft Dynamics GP > Maintenance > U.S. Payroll Updates > 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 2023 Payroll tax year and don't install the 2024 tax update right away?

A: Until you install the 2024 tax update containing FICA, federal and state tax changes, the tax calculations for your 2024 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.

2024 CHECK PRINTING

Q: I need to print my 2024 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 2024 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 2023 Year-End and 2023 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.

Affordable Care Act

Where can I get more information on the Affordable Care Act (ACA) functionality in Microsoft Dynamics GP?

- Refer to Microsoft's latest blog article about ACA:
[Microsoft Dynamics GP Year-End Update 2022: Affordable Care Act \(ACA\)](#)
- In the Detailed Module Information section of the [Microsoft Dynamics GP Resource](#) page, select [Affordable Care Act/Year End](#) to see the information about complying with ACA and other information about other year-end changes.
- There were several blog articles written to cover the ACA changes and functionality. All the blog links are listed in [ACA blog links for Microsoft Dynamics GP](#).



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 [HERE](#) 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.

