

Year-end closing procedures for Microsoft Dynamics GP Payroll

CONFIDENTIAL ARTICLE

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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.

Article ID	: 850663
Last Review	: N/A
Revision	: 8.0

SUMMARY

This document outlines the recommended year-end closing procedures for Microsoft Dynamics GP Payroll. The "More Information" section contains the following:

- *A detailed checklist of the steps that you must follow to complete the year-end closing procedures.*
- *An alternative checklist to use instead of the standard checklist if you must process 2009 pay runs before you complete the year-end closing procedures for 2008.*

INTRODUCTION

Read this whole article before you perform any one of the steps. If you have any questions, contact Technical Support for Microsoft Dynamics and related products.

Detailed information about each step in the payroll year-end closing routine is included in the Payroll Web services. Before you complete the steps in this article, look for updated year-end information by visiting one of the following Microsoft Web sites, depending on whether you are a partner or a customer:

Partners

<https://mbs.microsoft.com/partnersource/support/selfsupport/taxupdates/>

Customers

<https://mbs.microsoft.com/customersource/downloads/taxupdates/>

MORE INFORMATION

Payroll year-end checklist

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

1. [Verify the version of Microsoft Dynamics GP](#)
2. [Complete all pay runs for the current year](#)
3. [Complete all monthly and quarterly payroll period-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 a magnetic media file](#)
12. [\(Optional:\) Archive inactive employee Human Resources information](#)
13. [Set up fiscal periods for 2009](#)
14. [\(Optional:\) Close fiscal periods for the payroll series for 2008](#)

15. [Install the payroll tax update for 2009](#)

Alternative payroll year-end checklist

If you must process 2009 pay runs before you complete the year-end closing procedures, follow the steps in this alternative checklist:

1. [Verify the version of Microsoft Dynamics GP](#)
2. [Complete all pay runs for the current year](#)
3. [\(Optional:\) Complete all monthly and quarterly payroll period-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 2009](#)
11. [\(Optional:\) Close the fiscal periods for the Payroll series for 2008](#)
12. [Install the payroll tax update for 2009](#)
13. Process the 2009 pay runs. The user date must occur in 2009.
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 a magnetic media file](#)

Payroll module year-end details

Verify the version of Microsoft Dynamics GP

The 2008 Payroll Year-End Update file and the 2009 Payroll Tax Update file will be available for Microsoft Dynamics GP 9.0 and for Microsoft Dynamics GP 10.0. The 2008 Payroll Year-End Update file and the 2009 Payroll Tax Update file will not be compatible with Microsoft Business Solutions - Great Plains 8.0 or with earlier versions.

Complete all pay runs for the current year

(Optional:) Complete all monthly and quarterly payroll period-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.

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 10.0, point to **Maintenance on the Microsoft Dynamics GP menu**, and then click **Backup**. In Microsoft Dynamics GP 9.0, click **Backup** on the **File** menu.

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 **2008 Pre Year-End Update** to differentiate it from your other backups.

Install the year-end update

To install the payroll year-end update, you must follow these steps on each computer that has Microsoft Dynamics GP installed.

When the update is released, install the update from one of the following locations, depending on whether you are a partner or a customer.

Partners

<https://mbs.microsoft.com/partnersource/downloads/taxupdates/>

Customers

<https://mbs.microsoft.com/customersource/support/downloads/taxupdates/>

Create the year-end file

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

1. In Microsoft Dynamics GP 10.0, point to **Tools** on the **Microsoft Dynamic GP** menu, point to **Routines**, point to **Payroll**, and then click **Year-End Closing**. In Microsoft Dynamics GP 9.0, point to **Routines** on the **Tools** menu, point to **Payroll**, and then click **Year-End Closing**.
2. In the **Year** field, type **2008**, and then click **Process**.

Note You can install the payroll tax update for 2009 any time after the year-end file for 2008 has been created.

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 10.0, point to **Maintenance** on the **Microsoft Dynamics GP** menu, and then click **Backup**. In Microsoft Dynamics GP 9.0, on the **File** menu, click **Backup**. 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 **2008 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 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll**, and then click **Edit W-2s**. In Microsoft Dynamics GP 9.0, click **Tools**, point to **Routines**, point to **Payroll**, and then click **Edit W-2s**.

To view the 1099-R information in Microsoft Dynamics GP 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll**, and then click **Edit 1099-Rs**. In Microsoft Dynamics GP 9.0, click **Tools**, 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.

Print the W-2 statements and the W-3 Transmittal form

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

1. In Microsoft Dynamics GP 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll**, and then click **Print W-2s**. In Microsoft Dynamics GP 9.0, point to **Routines** on the **Tools** menu, point to **Payroll**, and then click **Print W-2s**.
2. In the **Print W-2 Forms** window, specify the following settings:
 - **Print W-2s for: Normal Year-End**

- **Print: W-2 Forms**

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 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll**, and then click **Print W-3s**. In Microsoft Dynamics GP 9.0, point to **Routines** on the **Tools** menu, point to **Payroll**, and then click **Print W-3s**.
2. In the **Print W-2 Forms** window, specify the following settings:
 - **Print W-2s for: Normal Year-End**
 - **Print: W-3 Transmittal Form**
3. Click **Print**.

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

Print the 1099-R forms and the 1096 Transmittal form

To print the 1099 forms, follow these steps:

1. In Microsoft Dynamics GP 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll** and then click **Print 1099-Rs**. In Microsoft Dynamics GP 9.0 and in Microsoft Business Solutions - Great Plains 8.0, point to **Routines** on the **Tools** menu, 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 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll**, and then click **Print 1099-Rs**. In Microsoft Dynamics GP 9.0, point to **Routines** on the **Tools** menu, 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 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Routines**, point to **Payroll**, and then click **Electronic File**. In Microsoft Dynamics GP 9.0, point to **Routines** on the **Tools** menu, point to **Payroll**, and then click **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.
4. Click **Submitter**. The **Electronic Filer Submitter Information** window opens.
5. Enter the authorized submission information.
6. Close the **Electronic Filer Submitter Information** window.
7. Change the file destination information in the **File Name** field if it is required.
8. Click **Create File**.

(Optional): Archive inactive employee Human Resources information

To archive inactive employee Human Resources information in Microsoft Dynamics GP 10.0, point to **Tools** on the

Microsoft Dynamics GP menu, point to **Utilities**, point to **Human Resources**, and then click **Archive Employee**. In Microsoft Dynamics GP 9.0, click **Tools**, point to **Utilities**, point to **Human Resources**, and then click **Archive Employee**.

Set up fiscal periods for 2009

To set up fiscal periods for 2009, follow these steps:

1. In Microsoft Dynamics GP 10.0, point to **Setup** on the **Microsoft Dynamics GP** menu, point to **Company**, and then click **Fiscal Periods**. In Microsoft Dynamics GP 9.0, point to **Setup** on the **Tools** menu, point to **Company**, and then click **Fiscal Periods**.
2. In the **Year** field, type **2009**, 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 2008

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 10.0, point to **Tools** on the **Microsoft Dynamics GP** menu, point to **Setup**, point to **Company**, and then click **Fiscal Periods**. In Microsoft Dynamics GP 9.0, point to **Setup** on the **Tools** menu, 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 2009

Note Do not install the payroll tax update for 2009 until the [year-end file](#) has been created for 2008.

To install the payroll tax update for 2009, follow these steps:

1. In Microsoft Dynamics GP 10.0, point to **Maintenance** on the **Microsoft Dynamics GP** menu, point to **U.S. Payroll Updates**, and then click **Check for Tax Updates**. In Microsoft Dynamics GP 9.0, point to **Products and Services** on the **Help** menu, and then click **Check for Payroll 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**.

APPLIES TO

- Payroll - U.S., when used with:
 - Microsoft Dynamics GP 10.0
 - Microsoft Dynamics GP 9.0

Keywords: kbinfo kbtshoot kbmbpayrolltaxupdate kbmbpartner kbmbmigrate KB850663