Dynamics SL year-end closing

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Agenda

What's new for 2020

Year-end updates

Module closing procedures

Common errors and issues

Q&A

1099 Changes

- The IRS made a change to the form for reporting Non-Employee Compensation.

- This new form is 1099-NEC

What is the 1099-NEC?

- As of **January 1, 2020**, all Non-Employee Compensation is to be reported on 1099-NEC in lieu of 1099-MISC.

- Any vendors that were historically being reported as 1099-MISC, box 7 are to be reported as **1099-NEC, box 1**.

- Accelerated filing date of 1099-NEC is **January 31, 2021**.

- Form 1099-MISC has been redesigned. It can no longer be used for reporting Non-Employee Compensation

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1099-NEC vs. new 1099-MISC

Completely Different

2016 Affordable Care Act

- 2016 Affordable Care Act Forms Required for 2016 Reporting Under the ACA, or Obamacare, all providers of health care, including employers that provide self-insured coverage, must file returns with the IRS that include information about the coverage and each covered individual.

- Employers should report this information on Forms 1095-B or 1095-C, depending on the size of the employer. Providing 1095 forms became mandatory starting in the 2015 tax year and filers must send the forms not only to their eligible recipients but also to the IRS in order to remain in compliance with ACA reporting requirements.

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Affordable Care Act

Summary of new forms related to ACA

- Form 1095-B—Health Coverage
  Insurers and self-insured employers that provide health plans are required to report data on all covered individuals.

- Form 1094-B—Transmittal of Health Coverage Information Returns
  Form 1094-B is the transmittal for Form 1095-B.

- Form 1095-C—Employer-Provided Health Insurance Offer and Coverage
  Employers with 50 or more full-time employees (including full-time equivalent employees) are required to report (whether or not they offered coverage to their employees) by providing each full-time employee with Form 1095-C. This form requires information such as whether the employee was offered coverage, for which months, and the employee's share of the lowest-cost monthly premium for self-only minimum value coverage. A large employer with a self-insured plan will only be required to submit Form 1095-C, as the information on Form 1095-B can be included on Form 1095-C.

- Form 1094-C—Transmittal of Employer-Provided Health Insurance offer and Coverage Information Returns

- Link to Accounting Today - Changes Coming to W-2, 1099 and 1095
  - http://www.accountingtoday.com/news/tax-practice/changes-coming-to-w-2-1099-and-1095-forms-76408-1.html

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2020 W-2 form changes

- No changes to the layout of the W-2 form or to the layout of the W-3 form were required for tax year 2020. Box 9 is now labeled Verification code on the plain paper forms.

- Filing W-2 Forms: You can file W-2 forms electronically or on paper. For more information about filing electronically, see "Business Services Online (BSO)" on page 14. ▯ W-2 Electronic File Changes   - RO Employee Optional record changes:

- Support the new box code 12 GG in positions 122-132

- New box code 12 GG is used to report the Income from qualified equity grants under section 83(i)

- Support the new box code 12 HH in positions 133-143

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2020 W-2 form changes

- New box code 12 HH is used to report the Aggregate deferrals under section 83(i) elections - RU Total Optional record changes:

- Support the new box code 12 GG in positions 160-174

- New box code 12 GG is used to report the total amount of Income from qualified equity grants under section 83(i)

- Support the new box code 12 HH in positions 175-189

- New box code 12 HH is used to report the total amount of Aggregate deferrals under section 83(i) elections

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Important dates to remember

Feb 1	Due date to mail recipient copies for W-2, 1099, & 1095
Feb 28	Due date to send paper format of 1099 & 1095 Federal (IRS) filing
Feb 28	Due date to send paper format of W-2 Federal (SSA) filing, or...
	Or...
Mar 31	Due date to send e-file format of W-2, 1099 and 1095 Federal (SSA/IRS) filing
	Form 1095 does not need to be filed at the state level

Year-end updates
2020 Year end updates for SL version 2018 can be downloaded on Customersource.

- NexTec wants to make sure our Dynamics SL customers can have a smooth year-end closing. With the knowledge that SL 2011 and SL 2015 are no longer in mainstream support and will not be receiving the regular year-end updates from Microsoft, our partner, Plumbline, has a package to help!
- Plumbline's SL Year-End Update Subscription will provide you with all of the year-end updates that Microsoft will be releasing for SL 2018.
- Applicable Dynamics SL versions include:
  - SL 2011 SP2, SP3, FP1 and SP5
  - SL 2015 (all versions)
- At this time, the package features include:
  - Add the ability to have two sets of tab tables (standard and High Withholdings) for state deductions
  - Allow different marital status for state and federal deductions and exemptions and credits
  - New 1099- NEC Form
  - Updated 1099-MISC Form
- Cost to pre-purchase your Year-End Update Subscription is as follows*:
  - Less than 100 Vendors or Employees combined - $2500 per year.
  - More than 100 Vendors or Employees combined - $3000 per year.
- *Cost of the subscription does not include installation services.
- To purchase this package, contact me today. We know the end of the year gets busy, so make sure you have your subscription paid for upon release to receive the package as soon as it is available!

- Are you on Dynamics SL 2011 and purchased Plumbline's year-end package last year?
- You can renew your subscription this year at last year's pricing!*
- *only applies to SL 2011

Year-end considerations

- Fiscal vs Calendar Year – tax reporting is done on a calendar year basis

- Payroll and Accounts Payables modules both require calendar year-end processes at the end of December no matter what period number is assigned

- You may continue to post entries to prior periods even if they have been closed –including a year-end close

- W2 and 1099 forms are updated based on check dates – not period-to-post

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Receivables closing procedures

- Review open Accounts Receivable files to ensure all documents for the period are entered

- Print or review the AR Batch Register (08.800.00)

- Run the General Ledger Post Transactions (01.520.00)

- Print or review the Customer Trial Balance (08.620.00) and General Ledger Trial Balance (01.610.00)

- If an Aged AR Report (08.610.00) has not been printed, run the Age Customer Detail (08.530.00) process and then print the Aged AR report for the file

- Close the Accounts Receivable module for the year in General Ledger Closing (01.560.00)
  - NOTE: The Sales Order module is closed when the Accounts Receivable module is closed

Payables closing procedures

- Review open Accounts Payable files

- Print or review the AP Batch Register report to ensure there are no open Accounts Payable batches for the current period

- Post Transactions in the General Ledger module

- Print or review the Vendor Trial Balance and General Ledger Trial Balance

- Print the Check Register and Aged AP if they were not printed for the month

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- If you are closing a year, the Closing process sets the current year and period to the first period of the new year. It also establishes the new year beginning balances for each vendor.

- Note: The Purchasing module is closed when Accounts Payable module is closed

1099 processing

- Vendor 1099 amounts can be manually corrected using Initialize Mode in the Vendor Maintenance Screen.

- 1099 amounts are calculated based on check dates.

- AP Integrity Check - Rebuild 1099 history using document history.

- Tools are available for rebuilding 1099 information for paid vouchers that were not originally entered as 1099 vouchers.

- 1099 preview report will contain all 1099 vendors regardless of the limit amounts.

- 1099 forms will only print forms for those vendors who exceed limit amounts.

Common 1099 issues

- The current 1099 year was purged by mistake

- System Message 532 - Date must be in an open 1099 year when printing AP checks.
    - This will happen if you try to print a check in 2016 before purging 2014 1099 information
    - To correct, use the 1099 calendar year control screen to purge the 2014 1099 information

- 1099 balances are incorrect for a vendor
    - This can be caused by a variety of things:
        - if the vendor was not originally set up as a 1099 vendor
        - one or more vouchers were entered to an incorrect 1099 box number
        - a check has not been issued for a 1099 voucher
    - To correct, you can use initialize mode to enter the correct 1099 balance in vendor maintenance
    - You can also try running the rebuild 1099 history option in AP Integrity Check.

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Resources

for trouble-shooting 1099 issues

- KB Article 846649: Company information is incorrect on 1099 forms or Magnetic Media File
  - http://support.microsoft.com/kb/846649
- KB Article 875724: 1099 Forms do not align correctly
  - http://support.microsoft.com/kb/875724
- KB Article 871496: 1099 year-end checklist for Accounts Payable in Microsoft Dynamics SL
  - http://support.microsoft.com/kb/871496

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Sales order closing procedures

- The Inventory, Order Management and Purchasing modules should be closed as close together as possible. Purchasing and Order Management do not have a closing function of their own

- Purchasing is closed when Accounts Payable is closed. Order Management is closed when Accounts Receivable closes

- To promote the proper matching of revenues and costs, the Accounts Receivable sales batches and Inventory cost of goods sold batches use the Invoice Date to determine the period to post. Both the sales and COGS batches post to the same fiscal period

- Print the Sales Journal report after all invoices for the month have been printed to insure that all transactions originating in the Order Management module are released to the Accounts Receivable and Inventory modules

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Purchase Order closing procedure

- The default fiscal period in the Purchasing module's Receipt/Invoice Entry window defaults from the current period from the Accounts Payable module even if it is installed. If Accounts Payable is not installed, then the default fiscal period comes from the Inventory module.

- Review open receipts files to ensure that all documents (receipts) for the period have been entered. Use the PO Receipts Edit report or the PO Batch Register to check for open receipts batches.

- Complete the release of any open receipt's batches discovered.

- Use the Closing window in the General Ledger module to close Accounts Payable which closes Purchasing. If the Accounts Payable module is not installed, then closing the Inventory module closes Purchasing.

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Purchase Order closing procedure

- There are several useful reports to use in troubleshooting. To find a purchase order, receipt, or voucher in the system, use the following reports
  - Purchase Order Status/History
  - Purchase Order Register
  - Receipts Register
  - Applied Vouchers

- To trace the relationship and ties between purchase orders, receipts, and vouchers, use the following reports
  - PO Receipts Batch
  - PO Batch Register
  - Applied Vouchers
  - PO/AP Batch Cross Reference

Inventory closing procedure

- Review open inventory files to ensure that all documents (sales, receipts, adjustments, etc.) for the period have been entered.

- Use the IN Edit (10.810.00) report or the IN Batch Register (10.800.00) to check for open inventory batches.

- If the Order Processing module is being used, coordinate the closing process with the Accounts Receivable module.

- Print or review the AR Batch Register (08.800.00)

- Complete the release of any open inventory document batches discovered.

- Run the General Ledger module's Post Transactions (01.520.00) process.

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Inventory closing procedure

- Print the following reports for balancing the inventory records to the General Ledger:
  - Inventory Valuation
  - General Ledger Trial Balance for all inventory accounts
- Compare the account totals of the Inventory Valuation (10.620.00) report to the amount shown for the corresponding inventory account number in the General Ledger Trial Balance (01.610.00) and Inventory Trial Balance (10.630.00) reports. If the figures match, you are ready to close the Inventory module.

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Inventory closing procedures

- The biggest challenge to closing inventory is reconciling to the General Ledger

- Here are some common causes for out of balance conditions
  - General Ledger journal entries made to inventory accounts.
  - Drop ship purchase orders coded to inventory accounts.
  - Landed cost items paid through Accounts Payable charged to inventory accounts.

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Payroll closing procedures

- Microsoft Dynamics SL payroll module is closed with the 'Year-end option in the fiscal period ending 12/31

- Year-end closing creates new deduction records for the next calendar year based on the current year

- Payroll checks may still be processed and released for the closed year by using a check date in that year

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Payroll closing procedures

- Calculations from current year should be either processed or cleared prior to closing the year. See KB Article 847736

- Tax table updates for 2020 withholding rates will be available for download around December 21st

- These should be loaded after the payroll year-end close has been completed
  - The tax table updates are a separate download from the year-end updates

Payroll closing procedures

- W2 calculations can be run at any time and can be run multiple times

- Use the employee W2 history screen to review the results of the W2 calculation process

- Some issues require modifying information via maintenance screens and recalculating W2s for all employees
  - Missing State Employer ID – Deduction Maintenance (History)/W2 Control Tab
  - Missing Federal Employer ID – Company Maintenance
  - Incorrect Boxes – Deduction or Earnings

Payroll closing procedures

- Some errors require initialization of the Employee W2 History Screen or Employee History Screen to correct

- Incorrect wages reported due to incorrect setup of tax-exempt deductions

- Adjustments for taxable items such as taxable use of a company automobile or taxable life insurance benefits

Payroll closing procedures

- Final W2 calculation must be done when all payroll data has been entered and released for the calendar year
  - Can be before or after payroll is closed for the year
- Create magnetic media file after all W2 issues have been resolved
- Electronic filing of W2 data is support for federal filing only
  - Most but not all states will accept the mag media file created by Microsoft Dynamics SL

Payroll closing procedures

- Dynamics SL does not have a Copy 1 or Copy 2 report format. Use Copy D instead
- Dynamics SL uses a standard two-part W2 form

  - Contact your local NexTec office for Dynamics SL standard forms

  - If you are in need of a 4-part (or 4up) W2 form, please contact us and we will glad to assist

Common payroll closing issues

- System Message 6960 – Check date calendar year cannot be changed in the calculation screen

- This can happen after closing for the year but there is an unfinished payroll calculation from a prior year

- Run a "clear calculation" to fix

- KB 847736 goes into more detail
  - http://support.microsoft.com/kb/847736

Common payroll closing issues

- State wages do not match Federal Wages on the W2
  - KB Article 848521 goes into more detail
    - A pre-tax deduction was setup for federal withholding but not setup for state withholding
    - The state deduction is not attached to all earnings types
    - Multiple state deduction IDs are setup for the employee(s) which can cause the state wages to appear double

- To correct
  - Verify / correct the current setup
  - Manually correct the numbers in Employee History or in Employee W2 History
  - The KB article has a SQL Script to set the State – Federal
  - http://support.microsoft.com/kb/848521

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Common payroll closing issues

Resources for trouble-shooting W2 problems

- KB Article 875688 – Tables, Fields, and Formulas Use in PR W2 Forms
  - http://support.microsoft.com/kb/875688
- KB Article 875148 – Wages on PR W2 Forms are not reduced by pension amounts
  - http://support.microsoft.com/kb/875148
- KB Article 848478 – State Wages are doubled on Payroll W2 Forms
  - http://support.microsoft.com/kb/848478
- Search KB using 'Dynamics SL W2' as your criteria

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General Ledger closing procedures

- General Ledger is always the last module to be closed
- Payroll always closes for the year in December...
  - regardless of your Fiscal Year setup
- Once GL is closed for the year, you can still post batches to prior periods and prior years

General Ledger closing procedures

- Verify the closing process for all modules other than General Ledger has been completed.

- Ensure all data for the current fiscal period/year has been entered. Print and review these reports to review for any open or unposted batches.
  - GL Transactions – Unposted
  - GL Batch Register

- Verify allocation entries have been generated and posted for the month

- Print the Trial Balance report and confirm account balances equal the balances on supporting documentation such as bank reconciliations, fixed asset listings, accrual worksheets, subsidiary ledgers, etc.

General Ledger closing procedures

- Compare beginning balances for the period to last period's ending balances to ensure no entries are made to prior periods

- Enter and post any transactions that arise from the above review

- Process or create Consolidation Files if necessary

- Print and review the Trial Balance and Detail General Ledger reports

- Print and review financial statements

- Close the General Ledger module

General Ledger closing procedures

- Closing for the year performs the following functions:
- Sets the current period to the first period of the new fiscal year
- Establish beginning balances for the asset and liability accounts for the new year
- Zero the income and expense accounts and close the Year to Date Net Income account into the Retained Earnings Account
- Retain the year's period to date and year to date history

Common GL closing issues

- System Message 857 – Module cannot be closed due to unreleased batches
  - KB 931725 has information on how to correct
- System Message 12418 – Warning – Pending check batches currently exist in AP
  - KB 931726 has information on how to correct
- General Ledger Year-end Checklist (KB 868896)
  - http://support.microsoft.com/kb/868896

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Thank you.

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