
SUMMARY OF 2015 YEAR-END PROCESSING FOR TOPS IQ® & TOPS PROFESSIONAL®

This document summarizes the steps required to close the books for the calendar year ending December 31, 2015. This procedure will cover all relevant modules in TOPS iQ and TOPS Professional.

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I. CURRENT PERIOD PROCESSING

For all modules in TOPS Professional, you may continue to process for January (or whatever the first month of your fiscal year might be) even though you have not closed the year. TOPS can interpret transactions by date and will recognize the dates in the new year and automatically keep them separate from transactions for the year just ended.

II. CALENDAR VS. FISCAL CLOSING

There are some modules that **MUST** be closed on a calendar year regardless of the Fiscal Year. To help remind you which are Calendar and which are Fiscal, follow this list below:

TOPS Module	When Year Ends
Accounts Payable	Calendar
Payroll	Calendar
General Ledger	Fiscal
A/R & Owner Collections	No Action Necessary

If you do not use all the TOPS modules covered below, simply follow the guidelines for the ones that apply to you.

III. BACKUPS

Before closing any of the modules for Year End it is **strongly recommended** that you make a backup of the Community's data files. ('TOPSSOFT' folder on your server) If you have to restore the files for any reason you will need this backup. When the backup is completed, label it "2015 YEAR-END BACKUP" and store it permanently.

If you want to make an offsite backup at year-end, consider using the **TOPS Internet Backup Service** where your data can be safely and securely backed up before closing the year. Visit our web site at www.topsbackup.com for more information, or to sign up for an account.

IV. CALENDAR YEAR END: Accounts Payable

Other than printing 1099's, there is no other closing function that needs to be done in the Accounts Payable module.

You can enter A/P invoices and print checks into the next year even while you have not printed 1099 Forms or closed the A/P for the year. The A/P module keeps the transactions separate from one year to the next.

Tax Forms

You'll need [STANDARD 2 PER PAGE 1099 LASER/INKJET FORMS](#), which are available at any office supply store or forms supplier. You should try to print the 1099's in January to meet Federal and State filing deadlines for 1099's.

2016 Filing Deadlines	
February 1, 2016	2015 W-2 & 1099 to Recipients 2015 4th Quarter 941 to IRS 2015 940 & 944 to IRS
February 29, 2016	Paper Format: 2015 W-2 & 1099 Federal Filing
March 31, 2016	E-file format: 2015 W-2 & 1099 Federal Filing

Processing Year-End

The steps involved in year-end processing for this module are:

- Print 1099 Report (use to "proof" the amounts reported)
- Print 1099 Forms
- Print 1096 Transmittal Summary

You can find these items under the A/P Menu in the "Year End" menu tab

A 1099 "work file" is created with the yearly totals for those Vendors that are check marked to get 1099's in the Vendor file.

**THE CURRENT MINIMUM FOR 1099 REPORTING IS \$600 OR MORE
PAID TO A VENDOR WITHIN THE CALENDAR YEAR.**

We recommend printing the report first, reviewing it, and then printing the 1099's. If errors are found on the 1099 Report, you may edit the 1099 "work file" to correct amounts or edit the Vendor File to enter missing information, (like the Vendor address or Tax ID #).

Each time the 1099 file is generated, it will revert back to the amounts paid to Vendors in the Vendor History file for this year. The amounts will be placed in box 7 on the 1099, "NonEmployee Compensation" which is normally the correct reporting box.

When editing the 1099 file, you may enter amounts manually in other reporting boxes on the 1099 as needed.

Printing 1099's is the only closing step that needs to be performed in the A/P module.

V. CALENDAR YEAR END: Payroll

You may continue to process Payroll into the next year even though you have not printed the 4th Quarter Reports and Year End Reports (including W-2's) for the year just ended. The Payroll module will automatically keep your history separate for the year just ended and the following year's payroll.

BE SURE TO UPDATE YOUR TAX TABLES (FEDERAL AND STATE) FOR
NEW TAX RATES BEFORE PREPARING YOUR FIRST PAYROLL WITH
CHECKS DATED IN THE NEW YEAR.

Tax Forms

You'll need standard, [PRE-PRINTED 2015 LASER/INKJET W-2 FORMS](#), which are available from any office supply store or forms supplier. You should try to complete the Payroll closing and print all reports in January to meet IRS and State filing deadlines.

2015 Filing Deadlines	
February 1, 2016	2015 W-2 & 1099 to Recipients 2015 4th Quarter 941 to IRS 2015 940 & 944 to IRS
February 29, 2016	Paper Format: 2015 W-2 & 1099 Federal Filing
March 31, 2016	E-file format: 2015 W-2 & 1099 Federal Filing

Processing Year-End

The steps involved in closing this module are:

- Print 4th Quarter Reports
- Print Year-End Payroll Report
- Maintain W-2 Info for each Employee (for pension or 401K reporting)
- Print W-2's
- Perform Year End Closing (Zero YTD Balances)

All of these reports can be printed from the Payroll menu.

WARNING

Never change the "Current Payroll Year" in the "Payroll Control File" to change the year from the year just ended to the new year. The year gets updated automatically for you when you perform the "Close Payroll Year" function.

TOPS SOFTWARE

2016 FEDERAL PAYROLL TAX RATES

JANUARY 1, 2016

You **MUST** enter these new rates **BEFORE** the first payroll with checks dated in 2016. It is the *Check Date*, not the *pay period* that controls when the tax tables must be changed.

SOCIAL SECURITY (FICA) TAX

Social Security (FICA) Tax	Rate	Limit
Employee	6.2%	\$118,500
Employer	6.2%	\$118,500

MEDICARE TAX

Medicare Tax	Rate	Limit
Employee	1.45%	Unlimited
Employer	1.45%	Unlimited

Additional Medicare Tax– you must withhold an additional .9% (.009) for wages paid in excess of \$200,000. The employer is NOT required to pay this Additional Medicare Tax, only the employee.

FEDERAL UNEMPLOYMENT (FUTA) TAX

FUTA Tax	Rate	Limit
Employer	6% (less any state credits; typically .80)	\$7,000.00

(Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds. The credit may be as much as 5.4% of FUTA taxable wages. If you are entitled to the maximum 5.4% credit, the FUTA tax rate after credit is 0.6%. You are entitled to the maximum credit if you paid your state unemployment taxes in full, on time, and on all the same wages as are subject to FUTA tax, and as long as the state is not determined to be a credit reduction state. See the Instructions for Form 940 to determine the credit.).

2016 FEDERAL WITHHOLDING TAX TABLES

The Federal Withholding Tax Tables are:

TAX TABLE LINE # 34 - WITHHOLDING ALLOWANCE: \$ 4,050.00

Individual Taxpayers

SINGLE person	\$ Amount	% Amount	On Amount Earned Over
1	\$ 0.00	10.00	\$ 2,250.00
2	\$ 927.50	15.00	\$ 11,525.00
3	\$ 5,183.75	25.00	\$ 39,900.00
4	\$ 18,558.75	28.00	\$ 93,400.00
5	\$ 46,278.75	33.00	\$ 192,400.00
6	\$ 119,934.75	35.00	\$ 415,600.00
7	\$ 120,529.75	39.60	\$ 417,300.00

Married Taxpayers Filing Jointly

MARRIED person	\$ Amount	% Amount	On Amount Earned Over
1	\$ 0.00	10.00	\$ 8,550.00
2	\$ 1,855.00	15.00	\$ 27,100.00
3	\$ 10,367.50	25.00	\$ 83,850.00
4	\$ 29,517.50	28.00	\$ 160,450.00
5	\$ 51,791.50	33.00	\$ 240,000.00
6	\$ 111,818.50	35.00	\$ 421,900.00
7	\$ 130,578.50	39.60	\$ 475,500.00

Local Tax Tables

You will also need to update your State and Local Tax Tables. We recommend checking with your accountant to get the State and Local Tax Tables for 2016. Remember, you are always loading the Annual Rates and Annual exemption value for your state withholding taxes.

State filing deadlines may be found at: <http://www.formsfulfillment.com/taxdeadlines/>

Note: These Tax Tables are provided for your convenience only. TOPS makes no warranty as to their accuracy. It is best to consult the Federal Circular E and your accountant to be sure your tax tables are correct.

VI. FISCAL YEAR END: General Ledger

A Fiscal Year may be the same as the calendar year or may end on a date other than December 31st. You must perform these functions at the end of the Fiscal Year.

You can make transactions to the General Ledger for the next Fiscal Year before you close out the previous year. The General Ledger keeps transactions separate by their dates. This means **YOU DO NOT NEED TO CLOSE THE GENERAL LEDGER UNTIL YOU HAVE THE RECENTLY CLOSED YEAR BALANCED TO YOUR SATISFACTION.**

However, you cannot print *balanced* Financial Statements for the new year until you have closed the General Ledger for the previous year or unless you follow the procedure for "Retaining GL Detail" outlined in the at the end of this summary.

Processing Year-End

The steps involved in closing this module are:

- **Check Accounting Period** (Fiscal Year File)
Leave Year "as is" -- the dates are automatically updated to the new year
- **Print General Ledger** for whole year showing all Ledger transactions
(Example - Make the date range span the entire year (Ex. 01/01/15 to 12/31/15))
- **Perform "Close Year"** (on the G/L menu).
Make sure the closing date shows the year being closed--not the new year.
Budgets - you have these options:
 1. Leave Budgets "as is"
 2. Set Budgets to zero
 3. Move Next Year Budget to Current Year
- **G/L Data** – TOPS gives you the option to retain all your G/L account transactions (full history) for the previous year. This lets you reprint financial statements and research questions because the full year's G/L activity can still be viewed and

printed, but it does take up more space on your computer system. The choices are:

1. Purge G/L Detail
 2. Preserve G/L Detail (the default)
- Select which option you prefer.
- **Update Budgets for New Year** (on the G/L Menu under "Chart of Accounts", select the new "Budget Entry" button on the toolbar at the top of the screen—you will see a spreadsheet interface for entering the new budgets). If you have NOT closed the year in GL yet, enter the Budgets for next year into the "Next Year" Budget—then use option #3 above during the GL Closing to move Next Year's Budgets to the Current Year. If you have already closed the year in GL and had not yet entered the Budgets for the new year, then enter them into the "Current Year" Budget.

** TOPS automatically books the Net Income/Loss over to the Retained Earnings account (defined in your "G/L Control File". No manual Journal Entry is needed for this step.

VII. FISCAL YEAR-END CLOSING: A/R & Owner Collections

You do not need to perform any closing procedure here in order to proceed into the new year. You can keep as many years of Owner Payment History as you wish.

The steps involved in closing the "**A/R & Owner Collections**" module are:

- **Change Charge Tables for new Amounts** (A/R Menu, "Apply Charges" menu tab, "Charge Tables").

Optional (you do NOT need to do this unless you want to clear old payment history)

- **Print Payment History Report** (A/R Menu, "Year End" menu tab, "Print History").
- **Purge Owner Payment History Detail** (A/R Menu, "Year End" menu tab, "Purge Histories").

This concludes the year-end processing guide for the 2015 calendar year.