Updating Microsoft Dynamics SL (formerly Microsoft Business Solutions–Solomon) 1099 and W-2 Reporting for Tax Year 2009

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Purpose

The Microsoft Dynamics SL 2009 year-end updates include changes for 1099 and W-2 reporting that will help your organization comply with tax year 2009 reporting regulations. This document includes procedures to follow when you install and use the updates.

About These Updates

General Information

- These year-end updates are supported for use with the following Microsoft Dynamics SL versions:

6.5x	7.x
6.5 Service Pack 2	7.0
6.5 Service Pack 3	7.0 Service Pack 1
	7.0 Service Pack 2
	7.0 Feature Pack 1

  It is important that you determine which version is currently installed before beginning the year-end updates installation. "Preparing to Install" on page 5 provides you with the steps to verify your version.

- Always consult your organization's tax lawyers and tax accountants for information pertaining to your situation.
- Microsoft Corporation does not take responsibility for your company's compliance with federal, state, or local regulations.

Changes

These year-end updates include the following changes.

Accounts Payable 1099s

- No changes were required for 1099 forms.
- **Filing 1099 Forms** — You can file 1099 forms electronically or on paper. For more information, see "Filing Information Returns Electronically (FIRE)" on page 13.
- **1099 Electronic File Changes**
  - The 1099 electronic file has been updated for tax year 2009.
  - Payment Amount F and Payment Amount G fields have been added to the Payee "B" record.
  - Payment Amount F and Payment Amount G fields have been added to the Payer "C" record.

Payroll W-2s

- No changes were required for W-2 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 13.
- **W-2 Electronic File Changes**
  - The W-2 electronic file has been updated for tax year 2009.
- **Correction for bug 18949** — This issue occurred in versions 7.0, 7.0 Service Pack 1, 7.0 Service Pack 2, and 7.0 Feature Pack 1. In the electronic file that you generate using *W2 Magnetic Media* (02.742.00), Box 12 amounts contained zeroes.

  Note: *W2 Magnetic Media* (02.742.00) is *Generate W2 Electronic File* in Microsoft Dynamics SL 7.0 Feature Pack 1.

Ordering Forms

Place your order for 2009 1099-MISC and W-2 forms that are compatible with the Microsoft Dynamics SL releases by calling 800-432-1281. Customer Service representatives will answer any questions you may have. You can order online at Deluxe Business Checks and Solutions.

- Laser and continuous 1099-MISC forms are supported for the year-end updates for Microsoft Dynamics SL 6.5x. Only laser forms are supported for the year-end updates for Microsoft Dynamics SL 7.x.
- Only laser W-2 forms are supported by the releases compatible with these year-end updates.
- Electronic submission of W-2 and 1099-MISC information is supported.
- If you have customized the 1099 reports in Crystal Reports, you must use the following margins:
  - Laser format: Top margin of .50 inch, bottom margin of .25 inch.
  - Continuous format: Top margin of 0 inches, bottom margin of 0 inches.

Preparing to Install

- Verify the version of your Microsoft Dynamics SL release by selecting **Help | About** from the menu bar. Follow the Version 6.5x instructions in "Installing the Year-End Updates" when your version begins with '6.5' and the version is greater than or equal to 6.50.3050.3051. . Follow the Version 7.x instructions in "Installing the Year-End Updates" when your version begins with '7'.
- Ensure that all users are logged off before you install these updates.
- Make a complete backup of your system database, all application databases, and customized reports.

Installing the Year-End Updates

Version 6.5x

To install the year-end updates for version 6.5x:

1. After downloading the 2009 year-end updates from CustomerSource or PartnerSource, create a temporary folder and expand the files into it.
2. In the temporary folder, open the folder of the Microsoft Dynamics SL release that is currently installed (for example, *6.5SP2*).
3. Copy all files that have names beginning with *02* to the folder where your Payroll module files are stored (for example, *Program Files**Solomon**PR*).
4. Copy the font file, OCRAEXT.TTF, to *%WinDir%**Fonts* (where *%WinDir%* is your Windows® installation path). For example, if your Windows installation path is *c:**WINDOWS*, copy OCRAEXT.TTF to *c:**WINDOWS**FONTS*.
5. Copy all files that have names beginning with *03* to the folder where your Accounts Payable module files are stored (for example, *Program Files**Solomon**AP*).

Version 7.x

To install the year-end updates for version 7.x:

1. After downloading the 2009 year-end updates from CustomerSource or PartnerSource, create a temporary folder and expand the files into it.
2. In the temporary folder, open the folder of the Microsoft Dynamics SL release that is currently installed (for example, *7.0*).
3. Locate the year-end updates file for your installation, and then double-click to start the installation wizard. The software versions and their corresponding year-end updates files are listed below:

Microsoft Dynamics SL version	Year-end updates file
7.0	7.000_YEU2009.exe
7.0 Service Pack 1	7.001_YEU2009.exe
7.0 Service Pack 2	7.002_YEU2009.exe
7.0 Feature Pack 1	7.003_YEU2009.exe

4. Follow the instructions on the screen to install the new Accounts Payable and Payroll files.
5. Copy the font file, OCRAEXT.TTF, to *%WinDir%**Fonts* (where *%WinDir%* is your Windows® installation path). For example, if your Windows installation path is *c:**WINDOWS*, copy OCRAEXT.TTF to *c:**WINDOWS**FONTS*.

1099 Reporting Information and Guidelines

The 1099 boxes 1 through 8, 10, 13, 14, 15a, and 15b on Form 1099-MISC are supported in the Microsoft Dynamics SL versions that are compatible with these updates. For a list of compatible versions, see “About These Updates” on page 3.

Always consult your company’s tax lawyers or tax accountants for the information pertaining to your company. Microsoft Corporation does not assume responsibility for your company’s compliance with federal, state, or local regulations.

Internal Revenue Service 1099-MISC Dollar Limits

One of the following criteria must be met before a Form 1099-MISC is printed:

- The sum of the amounts in boxes 1, 3, 6, 7, and 10 must be greater than or equal to the limit in AP Setup (03.950.00), which is $600.00 for tax year 2009.
- Box 2 has an amount greater than or equal to 10.00.
- Box 4 has an amount greater than 0.00.
- Box 5 has an amount greater than 0.00.
- Box 8 has an amount greater than or equal to 10.00.
- Box 13 has an amount greater than 0.00.
- Box 14 has an amount greater than 0.00.
- Box 15a has an amount greater than or equal to 600.00.
- Box 15b has an amount greater than 0.00.

Multi-Company Reporting

Note that the amount on a 1099 is calculated based on the ID of the company that issued the check to pay the voucher. For example, company 0020 enters a voucher for vendor A100 for $1,000.00 using box 7. Company 0010 pays the voucher. The 1099 for vendor A100 will show $1,000.00 in box 7 for company 0010.

You can process multiple companies in a single database at the same time. Vendor information is sorted and grouped first by company federal ID number, and then by vendor. The following scenarios offer more information:

- Logon Company: 0010 (the master company)

  Selected Company: All

  Company 0010 has federal ID number of 3411111

  Company 0020 has federal ID number of 3422222

  Company 0010 paid vendor A100 $300

  Company 0010 paid vendor A200 $800

  Company 0020 paid vendor A100 $700

  Company 0020 paid vendor A200 $900

  Results:

  – Vendor A100 receives one 1099 with federal ID number 3422222 for $700.
  – Vendor A100 does not receive a 1099 for federal ID number 3411111 because company 0010 activity was under the $600 reporting limit.

- Vendor A200 receives two 1099s:
  - One with federal ID number 3411111 for $800.
  - One with federal ID number 3422222 for $900.

  Note:
  - The 1099 forms for each federal ID number are separated by subtotals.
  - Subtotals are in “C” records if you are filing electronically.

- Logon Company: 0010 (the master company)

  Selected Company: All

  Company 0010 has federal ID number of 3400000

  Company 0020 has federal ID number of 3400000

  Company 0010 paid vendor A100 $300

  Company 0010 paid vendor A200 $800

  Company 0020 paid vendor A100 $700

  Company 0020 paid vendor A200 $900

  Results:
  - Vendor A100 receives one 1099 with federal ID number 3400000 for $1,000. This is the sum of vendor’s company 0010 and company 0020 activity, which is over the $600 reporting limit.
  - Vendor A200 receives one 1099 with federal ID number 3400000 for $1,700.

  Note:
  - When more than one company has the same federal ID number, the 1099 form carries the address of the company with the highest alphanumeric value in Company ID.
  - You can validate amounts using the *Vendor Maintenance* (03.270.00), 1099 Info tab.

You can also generate Form 1099 for one company in a database that contains multiple companies. Only vendors with activity in the selected company are reported, but the amounts reported for them include amounts paid by other companies having the same federal ID number. For example:

Logon Company: 0030 (not the master company)

Selected Company: 0030

Company 0010 has federal ID number of 3411111

Company 0020 has federal ID number of 3422222

Company 0030 has federal ID number of 3411111

Company 0010 paid vendor A100 $200

Company 0010 paid vendor A200 $800

Company 0020 paid vendor A100 $500

Company 0030 paid vendor A100 $500

Results:
- Vendor A100 receives one 1099 with federal ID number 3411111 for $700.
  - This is the sum of the vendor’s activity in companies 0030 and 0010, which is greater than the $600 reporting limit.
  - Does not include company 0020 activity because it is for a different federal ID number.
- Vendor A200 is not reported because there was no company 0030 activity.

Hints and Tips

Issue

1099 and W-2 forms are the size of a stamp when printed.

Resolution

Select the No Printer check box in *Printer Setup* in the appropriate Crystal report file.

Correction Steps

1. Open the Crystal report file.
    - For 1099 forms, the file name for the continuous format is 03740C.rpt; the laser format file name is 03740L.rpt.
    - For W-2 forms, the file name for the one wide format is 02741X1W.rpt; the plain paper Copy A format file name is 02741XPA.rpt; the plain paper Copy B format file name is 02741XPB; the plain paper Copy C format file name is 02741XPC; the plain paper Copy D format file name is 02741XPD.
2. On the File menu, select Printer Setup.
3. Select the No Printer check box.
4. Click OK.
5. On the File menu, select Save to save the report file.

Issue

My page settings were changed in the Crystal Reports report file. What are the correct settings?

Resolution

Reset the page settings in the appropriate Crystal report file.

Correction Steps

1. Open the Crystal report file. The file name for the continuous format is 03740C.rpt; the laser format file name is 03740L.rpt.
2. On the File menu, select Page Setup.
3. Set the top margin to .50 inch (laser format), or 0 inches (continuous format).
4. Set the bottom margin to .25 inch (laser format) or 0 inches (continuous format).
5. Click OK.
6. On the File menu, select Save to save the report file.

Issue

Amounts are incorrect in the 1099 boxes.

Resolution

Initialize the correct totals.

Potential Causes

The 1099 box amounts are calculated based on check date. The incorrect check date was used or the correct 1099 box number and/or letter were not specified on the voucher.

Correction Steps

Note: You must have permission to use Initialize Mode to perform these steps. For assistance, see your system administrator.

1. Select **Application | Initialize Mode**.

   Note: The *Application* option is *Application Options* in Microsoft Dynamics SL 6.5x.
2. Access the vendor in *Vendor Maintenance* (03.270.00).
3. Click the **1099 Info** tab.
4. Type the correct totals for the appropriate reporting year.
5. Save the changes.

Issue

1099 forms are printing for vendors who are under the minimum 1099 limit.

Note: The following criteria are used to determine if a 1099 will be printed:

- Box 4 or box 5 is greater than 0.00.
- Box 2 or box 8 is greater than or equal to 10.00.
- The sum of boxes 1, 3, 6, 7, and 10 is greater than or equal to the limit in *AP Setup* (03.950.00).
- Box 13, box 14, or box 15b is greater than 0.00.
- Box 15a is greater than or equal to 600.00.

Resolution

Set the correct 1099 limit amount in *AP Setup* (03.950.00).

Correction Steps

1. Access the *AP Setup* (03.950.00), **1099** tab.
2. Type the 1099 minimum amount in **1099 Limit**.
3. Save.

Issue

Does the value in **Number of Periods to Retain AP Detail** affect the ability to print 1099s?

Resolution

No, it does not.

Note: The 1099 forms must be printed before you select **Purge Data** in *Close 1099 Year* (03.530.00).

Issue

Error message “532 date must be in an open 1099 year, please re-enter” occurs when I try to print Accounts Payable checks.

Resolution

Purge the oldest 1099 reporting year in *1099 Calendar Year Control* (03.530.00).

Note: Microsoft Dynamics SL retains two years of data for 1099 purposes. Therefore, the current calendar year must be set up as an open 1099 year.

Correction Steps

1. In Accounts Payable, choose **1099 Calendar Year Control**. *1099 Calendar Year Control* (03.530.00) appears.
2. In **Process Option**, choose Purge Oldest Year.
3. Click **Begin Processing**.

Issue

I received notification from the government that they were unable to read my electronic file.

Resolution

Check with your local IRS office or tax accountant for re-filing instructions.

Issue

What should I do if my pre-printed 1099 or W2 forms do not align properly?

Resolution

The placement on the pre-printed form depends on the model of printer and printer driver you are using. You may need to make a minor adjustment so that the form aligns properly on your printer.

There are three possible adjustments that you can make:

- Move the print area up or down.
- Adjust for “creep.” If creep is the problem, the first printed page aligns correctly but subsequent pages do not.
- Adjust the margins.

Note: Print a sample form to verify the alignment before using the correction steps. Test each change you make by reprinting test forms before you make a new adjustment.

Correction Steps

1. Choose the appropriate report.
2. On the **Report** tab, click **Printer Options.**
3. Select **Print to File**, and then click **Setup**. *Print to File* appears.
4. In **List Types of Files**, choose Crystal Reports. Note that **File Name** changes to **.rpt*.
5. In **Directories** and **Drives,** choose the path (for example, \Program Files\Solomon\Usr_Rpts or *\Program Files\Microsoft Dynamics\SL\Applications\Usr_Rpts*) on the appropriate drive to save the file.
6. Click **OK** on **Print to File** and again on the **Printer Options** screen.
7. Click **Print.**
8. Access Crystal Report Designer and open the appropriate report.
9. Choose steps under a, b, or c below to make adjustments that are appropriate for your situation:
   a) Move the form’s print area up or down.
      1. Increase (if lines print too high on the form) or decrease (if the printed lines are too low) the top margin by small increments (1/10”), and then print a test form again. Repeat this step until the alignment is correct.
      2. If the alignment continues to be a problem, modify blank lines in the form. If you need to shift the entire form up, decrease the height of a blank line at the top of the form. To compensate for this adjustment, increase the height of the last blank line on the form by the same increment you used to adjust the first blank line.

b) Adjust for “creep.”

If each form prints slightly higher than the previous, resize sections of the form in small increments until the alignment is correct.

1. Move the pointer over the bottom edge of the section you want to resize.
2. When the cursor shape changes to a resizing cursor, drag the boundary line to make the section larger or smaller as needed.

c) Adjust the right-hand margin.

Reduce the right-hand margin if the box outline on the right side of the W-2 plain paper forms does not print.

10. Save your changes.

Issue

In Payroll *Employee Maintenance* (02.250.00) when I access an existing employee, try to exit, or save, message 14064 appears, “Warning – The W2 employee name record does not exist or is blank.”

Resolution

W2 First Name, W2 Middle Name, W2 Last Name, and Suffix in the W2Empname table need to be populated. The IRS requires that you report the parts of an employee’s name individually on the W2, and the employee’s name on the W2 must match the name on their Social Security card.

Correction Steps

To populate W2 First Name, W2 Middle Name, W2 Last Name, and Suffix, do *one* of the following:

Run Payroll *W2 Calculation* (02.510.00) to populate W2 First Name, W2 Middle Name, W2 Last Name, and Suffix. Check each employee’s W-2 name fields in *Employee Maintenance* (02.250.00) after you run *W2 Calculation* to verify that they match the employee’s name on their Social Security card.

Note: You can run *W2 Calculation* as many times as needed until W2s are finalized.

- OR -

In *Employee Maintenance* (02.250.00), access each employee’s information and enter values in W2 First Name, W2 Middle Name, W2 Last Name, and Suffix.

Issue

What is the purpose of each Copy of the W-2 form?

Resolution

The W-2 form is composed of six (6) Copies:

- Copy A is submitted to the Social Security Administration by the employer when filing paper W-2 forms
- Copy 1 is given to employees for filing state, city, and local income tax returns
- Copy B is given to employees for filing Federal income tax returns
- Copy C is given to employees for their records
- Copy 2 is given to employees for filing state, city, and local income tax returns
- Copy D is kept by the employer for their records

Issue

The instructions for Copies B, C, and D for the W-2 form do not print when the Plain Paper report formats are selected in *W-2 Forms* (02.741.00).

Resolution

The instructions are not required to be printed on the back of the W-2 forms when printing to plain paper. It is acceptable to print the instructions on a separate sheet of paper and give to each employee.

Issue

Copies 1 and 2 for the W-2 form are not available.

Resolution

These copies are currently not supported. Use Copy D as a replacement.

Correction Step

Select Plain Paper – Copy D when printing W-2s.

Business Services Online (BSO)

As of tax year 2006, wage submission files prepared in the Magnetic Media Reporting and Electronic Filing (MMREF) format on magnetic tape or diskette were no longer accepted by the Social Security Administration. To send your wage submission files electronically, access the Social Security Administration's Business Services Online (BSO) Web site at http://www.ssa.gov/bso/bsowelcome.htm. Employers must register prior to using the BSO Web site. The Social Security Administration will send a personal identification number (PIN) or user identification number (user ID), which you must enter in the **PIN** box on the **Transmitter** tab of Payroll *W2 Magnetic Media* (02.742.00) to ensure the identification number is included in the wage submission file.

Note: *W2 Magnetic Media* (02.742.00) is *Generate W2 Electronic File* in Microsoft Dynamics SL 7.0 Feature Pack 1.

If you use the SSA BSO system, the filing deadline is March 31, 2010. For more details, go to the Social Security Administration Web site using the link listed above.

Business Services Online (BSO) Disclaimer

While we try to provide accurate information to our clients on tax and government regulations, always consult your company's tax lawyers or tax accountants for the information pertaining to your company's situation. Microsoft Corporation does not take responsibility for your company's compliance with federal, state, or local regulations.

Filing Information Returns Electronically (FIRE)

As of tax year 2008, 1099 information return files prepared in the 1099 Record Format Specifications and Record Layouts format on magnetic tape were no longer accepted by the IRS. To send your 1099 information return files electronically, access the Internal Revenue Service's Filing Information Returns Electronically (FIRE) Web site at http://fire.irs.gov. Organizations must submit Form 4419, Application for Filing Information Returns Electronically, requesting authorization to file information returns with the IRS Enterprise Computing Center - Martinsburg (IRS/ECC-MTB) prior to using the FIRE Web site. The IRS will send a Transmitter Control Code (TCC), which you must enter in the **Control Code** box on the **Transmitter** tab of Accounts Payable *Generate 1099 Magnetic Media* (03.742.00). This ensures the TCC is included in the 1099 information return file.

Note: *Generate 1099 Magnetic Media* (03.742.00) is *Generate 1099 Electronic File* in Microsoft Dynamics SL 7.0 Feature Pack 1.

If you use the IRS FIRE system, the filing deadline is March 31, 2010. For more details, go to the Internal Revenue Service Web site using the link listed above.

Filing Information Returns Electronically (FIRE) Disclaimer

While we try to provide accurate information to our clients on tax and government regulations, always consult your company's tax lawyers or tax accountants for the information pertaining to your company's situation. Microsoft Corporation does not take responsibility for your company's compliance with federal, state, or local regulations.