

## How to Close the Fiscal/Payroll Year

Below are instructions to guide you through closing your fiscal and payroll years.

### - When is the best time to close the Fiscal/Payroll year?

Usually there is no need to close a fiscal year exactly at the end of the last accounting period. Peachtree allows you to keep two years worth of transactional data open and accessible at any one time. For example, if your fiscal year is based on 12 accounting periods, then period 13 is the "first" period of the second open fiscal year and period 24 is the "last" period of the second fiscal year. It is not necessary to close your first open fiscal year immediately after the year is over, nor is it necessary to wait until the end of the second fiscal year.

#### Closing the fiscal year:

Peachtree recommends that you close your fiscal year once you are confident that no more adjustments will need to be made to the closing year's general ledger, typically around the 22nd or 23rd period. This allows you enough time to make adjustments and corrections to the prior year if necessary while at the same time giving you enough of a buffer before the next fiscal year begins in case you have unexpected challenges while closing your fiscal year.

#### Closing the payroll year:

Peachtree recommends that you wait to close the first payroll year until all payroll reports, W-2 data, and 1099 data are finalized. If there are mistakes in employee earnings or W-2 data, you have an opportunity to correct them. You should also wait to close the first payroll year after you have completed your tax returns for the year in which you are closing.

Note: If your fiscal and payroll years are both on the calendar year, it is recommended to close both the payroll year and the fiscal year at the same time following the same guidelines referenced above. However if your fiscal and payroll years are different, it may be necessary to close each independently.

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### - Before closing the fiscal/payroll year

Peachtree highly recommends that you wait to close the first fiscal year until after you have sent your tax returns for the previous year.

You can operate your company in Peachtree's second open fiscal year (for example, periods 13-24). The first fiscal year (periods 1-12) holds the previous year's transaction detail and allows you to make adjustments, if necessary.

Before you close the fiscal year, if you are using batch posting mode, you need to post and print all journals and the Yearly General Ledger report. Also, you need to print all open invoices, vendor and payroll checks, and back up all of your data. Peachtree will prompt you to perform these functions. If you are using batch mode, the program will not let you continue a fiscal year close until all transactions are posted.

Usually in the last accounting period of a fiscal year you need to make adjusting entries. Once the adjustments have been made (if necessary), you are ready to begin closing the fiscal year.