Integrity Data®

YOUR GUIDE FOR

THE GP PAYROLL SUNSET STRATEGY

PLAN AHEAD | REDUCE RISK | TRANSITION WITH CONFIDENCE

A practical guide for Dynamics GP organizations

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Why a Payroll Sunset Strategy Matters

NAVIGATING PAYROLL TRANSITIONS EFFECTIVELY

Microsoft Dynamics GP Payroll has been a dependable system for many organizations for decades. For experienced payroll teams, it is more than software. It is a set of processes, checks, and institutional knowledge built through years of accurate, compliant payroll runs. **That familiarity creates confidence, and it also makes change more complex.**

Microsoft has announced that Dynamics GP Payroll will sunset at the end of 2029, with the last payroll compliance and tax updates provided in the 2029 year-end update. Once the updates stop, organizations cannot remain compliant using GP Payroll, even if payroll calculations appear to continue running correctly.

This guide is not about urgency or alarm. It is about recognizing how payroll change actually happens. Payroll transitions rarely occur in clean, empty windows. They happen while you continue to process payroll, onboard and offboard employees, alongside year end processing, audits, benefit renewals, leadership requests, and daily operational demands.

A payroll sunset strategy gives organizations the ability to plan deliberately while options are still open, rather than reacting under pressure when compliance windows narrow.

Understanding the Timeline and Real Risk Windows

PLANNING YOUR TRANSITION – KEY CONSIDERATIONS

The 2029 sunset date matters, but **experienced payroll professionals know the date itself is not the only constraint.**

Payroll operates within fixed cycles. Quarter end filings, year-end reporting, benefit changes, audits, and banking Payroll responsibilities and schedules limit when a system change is realistically possible. **Waiting until the final compliance update from Microsoft forces decisions into the most constrained and stressful periods of the year.**

There is a difference between a system that runs and one that is safe to rely on. **Once compliance and tax updates stop, risks increase immediately, even if output appears correct on the surface.**

Planning earlier preserves flexibility. It allows organizations to select a cutover date that aligns with fiscal calendars and payroll cycles, avoid peak workload periods for payroll teams, and evaluate options without deadline driven pressure.

A sunset strategy is ultimately about protecting payroll operations and the ability to choose, rather than being forced into decisions when options are limited.

There is a difference between a system that runs, and one that is safe to rely on.

Defining Ownership and Building the Right Team

ENSURING ACCOUNTABILITY IN PAYROLL TRANSITIONS

In long running GP environments, payroll knowledge is often deeply personal. Processes live with people rather than documentation, and decisions are based on what has worked reliably over time.

Payroll transitions most often stall due to unclear ownership, not lack of capability.
A successful payroll sunset strategy clearly defines who owns payroll operations and understands day to day processing and compliance, who has decision authority to move choices forward when tradeoffs arise, who provides ERP and technical expertise to assess integrations and data flows, and who represents compliance stakeholders responsible for tax and regulatory continuity.

Clear ownership reduces rework, shortens decision cycles, and ensures payroll professionals are supported rather than isolated during change.

Inventorying Payroll's Role in Your GP Environment

IDENTIFYING CURRENT PAYROLL STRENGTHS AND WEAKNESSES

For GP customers, payroll is not a standalone module. It is tightly wired into the accounting and ERP system.

Removing GP Payroll is not a simple swap. It is a rewiring of the financial nervous system.

Before evaluating replacement solutions, organizations need a clear inventory of how payroll touches the broader GP environment today and which business processes must be preserved. This includes understanding how payroll posts to the General Ledger, which accounts are used, how frequently postings occur, and which reconciliation processes depend on those entries. It also includes identifying Accounts Payable dependencies such as vendor checks for tax payments, garnishment disbursements, and any manual or automated AP processes triggered by payroll output.

Reporting dependencies must also be examined. Many organizations rely on reports that pull payroll data directly from GP, often for operational oversight, audits, or historical reference. Bank reconciliation processes are another critical area, particularly where payroll transactions must be matched back to bank activity through a combination of system logic and manual steps.

This inventory is not about recreating every process exactly as it exists today. It is about understanding what truly matters and what may no longer need to be carried forward.

Identifying Customizations and Hidden Risk

UNCOVERING WHAT'S FRAGILE, UNDOCUMENTED, AND EASY TO OVERLOOK.

Most GP payroll environments include some level of customizations, often more than teams initially realize.

Over time, changes accumulate quietly. Reports are modified for specific audits. Pay codes are added for benefits that no longer exist. Custom reports, calculations, and processes have been developed around people, preferences, and logic that may no longer exist or for scenarios that may no longer occur. Logic is adjusted years earlier to handle a unique scenario that may never occur again.

These customizations often take the form of modified reports, custom pay codes or deduction logic, third party add ons, Dexterity customizations, or SQL scripts and legacy integrations. **When functionality is described as "it just does that," it is often custom.**

These elements represent real transition risk. Any payroll solution evaluation must determine whether custom functionality is available out of the box, requires redesign, or should be intentionally retired. **Identifying these components early prevents late stage surprises and supports informed decision making.**

Using Migration as a Strategic Data Cleanup Opportunity

CUTTING CLUTTER, COST, AND RISK

Just like system modifications, **payroll data grows quietly.** If something does not cause problems, it rarely gets questioned.

A transition to a new souton creates a natural pause and the single best opportunity to clean house. Many organizations discover pay codes that are no longer used, deduction codes tied to discontinued benefits, terminated employees retained far beyond compliance requirements, or historical data that has already been archived elsewhere.

Bringing everything forward "just in case" increases cost and complexity without adding value. **Clean data leads to cleaner processing, clearer reporting, and fewer downstream issues.**

Data cleanup should be treated as a strategic decision, not a technical afterthought.

Migration Is Your Best Chance to Clean House

"A payroll transition creates a rare opportunity to retire unused pay codes, outdated deductions, and unnecessary historical data. Moving clean data into a new system is simpler, less expensive, and far more sustainable than dragging everything forward."

Tom Franz
Director of Customer Experience

Evaluating Payroll Solutions Beyond Feature Lists

LOOKING TOWARDS LONG-TERM OPERATIONAL FIT

Feature comparison grids rarely drive the right decision.

For GP customers, the critical question is not whether a system can calculate payroll. It is how payroll fits into the broader financial and operational ecosystem. Evaluation should focus on how the solution integrates with ERP and financial systems, how General Ledger postings, Accounts Payable outputs, and reporting are handled, how mid year transitions are supported, and what post go live support looks like when something does not reconcile as expected.

A strong sunset strategy prioritizes long term reliability and operational fit over surface level parity.

Managing Compliance Risk During the Transition

SURFACING COMPLIANCE DECISIONS BEFORE THEY BECOME PROBLEMS

Payroll Transition Compliance Checklist

Use these questions to evaluate compliance risk before making a payroll change:

- Which provider is responsible for tax filings and payments in a split year, and is this documented?
- Is all year-to-date payroll and tax data being transferred and validated?
- How will we reconcile payroll history across systems to ensure reporting accuracy?
- Do we have ongoing access to historical payroll, tax, and ACA data after the switch?
- How will employees access pre-transition W-2s and pay stubs?
- Will the transition land on a quarter-end or year-end boundary to keep tax filings clean, or do we need to plan for a mid-quarter change?

Compliance risk does not pause during a payroll transition.

Organizations need to address early who is responsible for tax filings in a split year, how W-2s are handled if systems change mid year, whether quarter end or year end cutover is safer, and how historical tax data and ACA data, such as look back periods will be accessed.

Naming these questions early reduces uncertainty and allows planning to be proactive rather than reactive.

Building Confidence Through Parallel Payroll

TESTING ENSURES ACCURATE PAYROLL TRANSITION

Parallel payroll is one of the most effective validation tools and one of the most demanding.

It is not just a comparison exercise. It requires double processing, investigation of variances, documentation, and continued on-time payroll delivery. Parallel payroll typically means running two systems side by side for two to three pay cycles, performing additional review and reconciliation work, and absorbing a temporary increase in workload for the payroll team.

Acknowledging the effort upfront frames parallel payroll as a finite investment in confidence rather than an unexpected burden.

Supporting People Through Change

ENSURING A SEAMLESS TRANSITION EXPERIENCE

Payroll professionals carry a unique responsibility. When payroll is wrong, employees feel it immediately and expect answers.

That responsibility does not lessen during a transition. Clear communication, realistic timelines, and training focused on real scenarios help reduce stress and rebuild confidence. Training that mirrors actual payroll situations, rather than simple system navigation, allows teams to regain stability faster.

Looking Ahead: Payroll as a Stable Foundation

EMBRACING CHANGE IN PAYROLL MANAGEMENT

The GP Payroll sunset is a forcing moment.

If any of the following are true, it's time to begin planning:

- You want the flexibility to choose your transition timing
- Your payroll team is already navigating year-end, audits, or heavy cycles
- You rely on custom reports, scripts, or "it just works" logic
- You have not clearly mapped how payroll connects to your GL, AP, or reporting
- You would prefer a controlled transition over a constrained one

Reality:
Waiting does not make this easier—it reduces your options.

You don't need to decide everything today. But you do need to decide to start.

Ready to build your payroll sunset strategy?

We help Dynamics GP organizations plan and transition with confidence.

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Integrity Data.

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