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CHECKLIST

Employee Exit / Offboarding Checklist

A complete separation workflow for Indian employers. From resignation acceptance to full and final settlement, with every compliance step, document, and legal deadline.

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01 Resignation Acceptance & Documentation

What to do when an employee submits their resignation

Immediate Steps (Day 0-2)

- ✓ **Collect written resignation letter or email from the employee** — Day 0
  Verbal resignations are not sufficient. Get it in writing with the intended last working day (LWD) mentioned. Keep a copy in the employee file.

- ✓ **Acknowledge the resignation in writing within 48 hours** — Day 0-2
  Send a formal acknowledgment letter confirming: resignation accepted, notice period dates, expected LWD, and any handover expectations. Copy HR and the reporting manager.

- ✓ **Verify the notice period as per offer letter / appointment letter**
  Check the employee's appointment letter for notice period terms (typically 15-90 days depending on role and seniority). If the employee requests early release, calculate notice period recovery amount.
  As per employment contract / Shops & Establishments Act

- ✓ **Decide on notice period: serve, buyout, or waive**
  Three options: (1) Employee serves full notice, (2) Employee pays notice recovery (salary for unserved days deducted from F&F), (3) Employer waives notice. Document the decision in writing.

- ✓ **Schedule an exit interview with HR**
  Conduct before the last week. Ask about reasons for leaving, feedback on management, suggestions for improvement. Keep notes confidential. This data helps reduce future attrition.

- ✓ **Inform IT, admin, and finance teams about the upcoming exit**
  Send an internal notification to: IT (for access revocation planning), Admin (for asset recovery), Finance/Payroll (for F&F calculation). Include the confirmed LWD.

02 Knowledge Transfer & Work Handover

Ensure continuity before the employee's last day

Handover Tasks (During Notice Period)

- [ ] **Prepare a written handover document listing all ongoing tasks** — Week 1-2
  The exiting employee should document: current projects with status, pending deliverables, key contacts (clients, vendors), recurring tasks, file/folder locations, and passwords for shared accounts.

- [ ] **Identify the replacement or interim owner for each responsibility**
  Assign every task to a specific person. Don't leave anything unassigned. If no replacement is hired yet, assign to the reporting manager as interim owner.

- [ ] **Conduct handover sessions between the exiting employee and successor**
  Schedule dedicated time (not ad-hoc) for knowledge transfer. For critical roles, plan at least 3-5 sessions. Have the successor shadow the exiting employee on key tasks.

- [ ] **Transfer ownership of shared documents, drives, and email groups**
  Move ownership of Google Drive folders, shared mailboxes, WhatsApp groups, and any shared tool accounts. Don't just share access. Transfer full ownership.

- [ ] **Update client and vendor contacts with the new point of contact**
  Send introduction emails to key clients and vendors: 'Going forward, [Name] will be your contact for...' Do this before the LWD, not after.

- [ ] **Get sign-off from the reporting manager on handover completion** — Before LWD
  The manager should formally confirm that handover is complete and satisfactory. This sign-off is needed before issuing the relieving letter.

03 IT & Access Revocation

Revoke all system access on the last working day

Access Deactivation (LWD or LWD+1)

- ✓ **Deactivate email account and revoke access to company email** — LWD
  Set up auto-reply with the new contact person's details. Keep the mailbox active for 30 days for reference, but block login access on LWD evening.
- ✓ **Revoke access to all company software and cloud tools** — LWD
  ERP, CRM, project management, accounting software, POS systems, HRMS, communication tools (Slack, Teams), file sharing (Google Workspace, OneDrive). Remove from all shared accounts.
- ✓ **Disable biometric and card-based access to premises**
  Remove fingerprint/face data from attendance machines. Deactivate access cards and collect them. If using Attendo's biometric system, deactivate the employee in the admin panel.
- ✓ **Remove from company WhatsApp groups and communication channels**
  Remove from internal WhatsApp groups, Telegram channels, Slack workspaces, and any team communication platforms. Do this on LWD evening.
- ✓ **Change shared passwords that the employee had access to** — LWD+1
  Wi-Fi passwords, shared email accounts, social media logins, POS admin passwords, bank portal access, vendor portals. Make a list and change all of them.
- ✓ **Wipe company data from personal devices (if BYOD policy)**
  If the employee used personal devices for work, ensure company data, apps, and email accounts are removed. Use MDM (Mobile Device Management) if available.

04 Company Asset Recovery

Collect all company property before the last day

Physical Assets (Collect by LWD)

- ✓ **Collect laptop, desktop, monitor, and peripherals** — LWD
  Check against the asset register issued at joining. Verify serial numbers. Note the condition. Get the employee's signature on the asset return form.
- ✓ **Collect company mobile phone and SIM card (if issued)**
  If the employee was given a company phone or SIM, collect it. If the number is to be ported, initiate the process before LWD.
- ✓ **Collect ID card, access card, and keys**
  Company ID badge, building access card, locker keys, drawer keys, vehicle keys (if company vehicle was assigned).
- ✓ **Collect uniform, safety gear, and any branded materials**
  Applicable for restaurants, manufacturing, healthcare, retail. Uniforms, safety helmets, gloves, aprons, name badges.
- ✓ **Collect any company credit card or petty cash advances**
  Recover the physical card. Settle any pending expense claims or petty cash advances. Deduct unrecovered advances from F&F if needed.
- ✓ **Collect company documents, files, and confidential materials**
  Physical files, printed reports, client lists, pricing sheets, recipes (restaurants), formulas (manufacturing). Ensure nothing proprietary leaves with the employee.
- ✓ **Prepare and get the employee to sign an asset return form** — LWD
  List every item returned with condition notes. Both the employee and the admin/HR representative should sign. Keep a copy in the employee file.

05 Payroll & Full and Final Settlement

Calculate and process F&F within 30 days of the last working day

F&F Calculation Components

- ✓ **Calculate salary for days worked in the last month**
  Pro-rate the monthly salary for actual days worked. Include any overtime, if applicable under the Factories Act or Shops & Establishments Act.
  Payment of Wages Act, 1936

- ✓ **Calculate leave encashment for unused earned/privilege leave**
  Check leave balance from the HRMS or leave register. Encash unused earned leave (EL/PL) at the daily rate (monthly salary / 30 or 26, as per company policy). Casual leave and sick leave are typically not encashable.
  Shops & Establishments Act (state-wise rules)

- ✓ **Calculate gratuity if the employee has completed 5+ years** — If eligible
  Formula: (Last drawn salary x 15 x years of service) / 26. 'Last drawn salary' = Basic + DA. Tax-free up to Rs 20,00,000. Even if the employee resigns (not terminated), gratuity is payable after 5 years.
  Payment of Gratuity Act, 1972, Section 4

- ✓ **Calculate notice period recovery (if notice not fully served)**
  If the employee leaves before completing the notice period, deduct salary for unserved days from F&F. If the employer waived notice, no deduction applies.

- ✓ **Deduct any pending salary advances or loans**
  Check the salary advance register. Deduct outstanding advances, personal loans given by the company, or any other recoverable amounts.

- ✓ **Deduct unreturned asset value (if assets not returned)**
  If the employee has not returned company assets (laptop, phone, uniform), deduct the depreciated value from F&F. Inform the employee of the deduction in writing.

- ✓ **Calculate any pending bonus or incentive payments**
  Pro-rate bonus for the period worked if the employee is eligible. Statutory bonus under the Payment of Bonus Act applies if the employee worked 30+ days and the establishment qualifies.
  Payment of Bonus Act, 1965

- ✓ **Calculate TDS on F&F payout**
  F&F salary is taxable. Calculate TDS on: salary for days worked + leave encashment (taxable above exemption) + notice recovery (if paid by employer). Gratuity is exempt up to Rs 20,00,000.
  Income Tax Act, 1961

- ✓ **Process the F&F payment within 30 days of LWD** — Within 30 days
  Best practice: settle within 30 days. Some state Shops & Establishments Acts mandate payment within 2 working days (e.g., Maharashtra). Check your state's rules. Delay invites complaints to the Labour Commissioner.
  Payment of Wages Act, 1936, Section 5

06 Statutory Compliance & Documentation

Legal obligations the employer must complete after separation

PF, ESI & Tax Compliance

- ✓ **File PF contribution for the last working month** — By 15th of next month
  Include the employee's PF contribution in the monthly ECR filing. The employee's UAN remains active. They can transfer or withdraw PF from their end.
  EPF Act, 1952

- ✓ **Update employee status to 'Left' on the EPFO portal** — Within 15 days
  Mark the Date of Exit (DOE) on the UAN portal. This is mandatory for the employee to initiate PF transfer or withdrawal. If not updated, their claim will be rejected.
  EPFO Circular

- ✓ **File ESI contribution for the last working month (if applicable)**
  If the employee was covered under ESI (gross salary up to Rs 21,000/month), file the last month's contribution. Benefits continue for some period after exit.
  ESI Act, 1948

- ✓ **Generate and issue Form 16 / Part B for the period worked** — By June 15
  Issue Form 16 covering salary and TDS for the financial year up to the LWD. If the employee exits mid-year, they'll need this for ITR filing. Issue by June 15 for the previous FY, or earlier if requested.
  Income Tax Act, Rule 31

- ✓ **Deduct and deposit final month's Professional Tax**
  Deduct PT from the last month's salary based on the employee's work location state. Deposit with the state government by the state-specific due date.
  State PT Acts

Exit Documents to Issue

- ✓ **Issue the relieving letter on the last working day** — LWD
  Confirms the employee has been relieved from duties. Mentions: name, designation, tenure (joining date to LWD), and that all dues are settled. The employee needs this for their next job.

- ✓ **Issue the experience letter / service certificate**
  Separate from the relieving letter. Mentions: role, responsibilities, tenure, and performance (optional). Some employers combine this with the relieving letter.

- ✓ **Provide the F&F statement with full breakup**
  Give the employee a detailed settlement statement showing: salary earned, leave encashment, bonus, gratuity (if applicable), deductions (TDS, advances, notice recovery, assets), and net payable.

- ✓ **Issue Form 16 Part A and Part B**
  Part A: TDS certificate generated from TRACES. Part B: Salary details and deductions computed by the employer. Both are needed for ITR filing.
  Income Tax Act, 1961, Section 203

- ✓ **Provide PF passbook or UAN details**
  Ensure the employee has their UAN number and knows how to access their PF passbook on the EPFO member portal. Share the EPFO helpline (1800-118-005) if needed.

- ✓ **Issue a No Dues Certificate (NDC) after all clearances** — After all clearances
  Confirms the employee has returned all assets, settled all advances, and has no pending dues. Get sign-off from: IT, Admin, Finance, and the reporting manager.

07 Post-Exit Housekeeping

Internal tasks to complete after the employee's last day

- ✓ **Update the employee status in HRMS/payroll software** — LWD+1
  Mark as 'Separated' or 'Inactive' in your payroll system. Set the LWD. This stops salary processing for the next cycle.
- ✓ **Remove the employee from the attendance system**
  Deactivate biometric/face recognition entry. If using Attendo, deactivate the employee profile. Don't delete it. Keep records for 3 years minimum.
- ✓ **Archive the employee's personnel file**
  Move the file (physical and digital) to the ex-employee archive. Include: appointment letter, resignation letter, acknowledgment, exit interview notes, F&F statement, relieving letter copy, NDC.
  Retain records for minimum 3 years (some Acts require 8 years)
- ✓ **Remove from org chart, internal directories, and reporting structures**
  Update the org chart. Reassign any direct reports. Remove from the company directory, distribution lists, and reporting lines.
- ✓ **Update headcount records and budget**
  Adjust the department headcount. If the position will be refilled, initiate the hiring process. Update payroll budgets if the role is being restructured.
- ✓ **Notify relevant third parties (if the employee was a signatory or POC)**
  Bank signatory removal, vendor portal access, client-facing contacts, government portal access (GST, EPFO, ESI portals). Change authorised signatories where needed.
- ✓ **Conduct a review of the exit interview feedback**
  Share anonymised feedback with the department head. If multiple employees cite the same issues, flag them for management action. Track attrition patterns.
- ✓ **Close the offboarding ticket and confirm all items completed** — Within 45 days
  Final check: all assets recovered, all access revoked, F&F processed, documents issued, records updated. Mark the offboarding as complete in your HR system.

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This checklist is provided by Petpooja for informational purposes. Verify all compliance details with official sources before acting.

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AUTOMATE OFFBOARDING

Stop tracking exits on *spreadsheets*

Attendo handles F&F calculations, PF exit marking, attendance deactivation, and salary slip generation for exiting employees. One system for the entire employee lifecycle.

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