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| **Prepared for:**  [Representative First Name] [Representative Last Name] [Representative Company]​ |

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| **Created by:**  [Employer First Name][Employer Last Name][Employer Company] |

This sales commission agreement is entered into by and between [Employer Company], “Employer," and [Representative First Name] [Representative Last Name], “Representative.” The purpose of this agreement is to document the sales commission structure that will govern compensation for goods or services sold by the Representative on behalf of the Employer.

## Authorization

This sales commission agreement serves as authorization for the Representative to sell goods or services on behalf of the Employer. These rights are non-transferable and non-exclusive. The Employer reserves the right to restrict the Representative’s rights, including geographic restrictions.

The Representative agrees to sell goods and services under the Employer’s brand. Goods or services may not be rebranded for any reason. The Representative agrees to abide by the Employer’s pricing policies. The Representative shall not offer discounts without the Employer’s written approval.

## Documentation

The Representative agrees to use company-provided and approved documentation and tools for recording, submitting, and tracking sales and opportunities. This includes the use of company order forms, CRM, and other systems as necessary. The Representative further agrees to avoid use of any documentation that has not been approved by the Employer for the purpose of this Sales Commission Agreement.

If you expect your representatives to use certain branded documents, include them as part of the contract. If you expect documents to be shared with your business on a certain schedule, add that as well. You can list them in this section of the template, or attach blank versions of required documents at the end of the template.

## Non-compete

The Representative acknowledges that over the duration of the Agreement, they may become familiar with confidential information regarding the Employer.

Therefore, during the term of this contract and for a period of (Number of years) years after the end of this Agreement, the Representative agrees that they will not, in any way, be involved in the operations of a business that is considered to be in competition with the Employer's current products and/or business.

Nothing in this Agreement will prevent the Representative from being a passive owner of any such businesses with the understanding that they will not, in any manner, participate in the operations of that business.

## Non-disclosure

The Representative shall act in the best interests of the Employer in regards to confidential information and intellectual property at all times. This includes refraining from disclosing any information deemed proprietary, sensitive, or confidential to any third party.

## Responsibilities of the representative‌

The Employer requires that the Representative meets a minimum sales quota to stay active as a [Representative Title]. These quotas are established at the sole discretion of the Employer, as outlined in this Agreement. If the Representative doesn’t meet sales quotas for (Number of Months) consecutive months, this Agreement may be terminated.

The Employer expects each Representative to complete sales totaling (Number) in profit for the Employer per month. The sales total may vary based on the profit margin of each individual product sold.

## Time off/vacation hours‌

The Employer does not offer paid time off to employees in the role of [Representative Title].

Any time off shall be unpaid. It is understood that the Representative is still responsible for meeting sales quota goals unless time off falls under the Family Medical Leave Act (FMLA) guidelines.

## Documenting time‌

The Representative is solely responsible for maintaining time records of their work hours and ensuring they take breaks as required by law in [Representative State].

The Representative must record the time they begin work, end work, and take meal breaks. Any rest breaks of less than twenty (20) minutes are considered paid and do not need to be documented for the purposes of calculating hours worked. If the Representative does not take a non-working meal break during the workday as required by law, it may result in termination of this agreement.

## Commission structure

The Representative may earn compensation in different ways based on their performance.

Each earning calculation is outlined clearly so that the Representative may calculate their anticipated earnings as they track their own performance. All earnings get calculated during a calendar month, regardless of the number of working days, holidays, or time off taken by the Representative.

### Sales commission‌

The Representative earns a percentage of the profit made from each sale. The Employer calculates commission based on the profit amount of a single sale:

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| Sales profits up to $(Number) earn | (Percentage)% commission‌ |
| Sales profits between $(Number) and $(Number) earn | (Percentage)% commission‌ |
| Sales profits between $(Number) and $(Number) earn | (Percentage)% commission‌ |
| Sales profits of $(Number) or more earn | (Percentage)% commission‌ |

Multiple sales to a single individual or business during a calendar month do not accumulate for a higher earned rate. Each closed sale includes any number of items paid in full by a purchaser on a single invoice. If a sale is not finalized by the last day of the month, the commission is included on the next month’s commission.

If either party terminates this Agreement for any reason, the termination date is the last date that the Representative is eligible for earned commissions. Any sales completed after the date of termination are not eligible for commission payments.

### Bonuses‌

The Representative is rewarded for exceeding the sales quota during a calendar month based on the following calculation:

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| Sales totaling up to $(Number) earn | (Percentage)% bonus |
| Sales totaling between $(Number) and $(Number) earn | (Percentage)% bonus |
| Sales totaling between $(Number) and $(Number) earn | (Percentage)% bonus |
| Sales totaling of $(Number) or more earn | (Percentage)% bonus |

A quarterly bonus of $(Number) is paid to any Representative who exceeds their sales quota by any amount $(Number) months in a row. An annual bonus of $(Number) is paid to any Representative who exceeds their sales quota by any amount for $(Number) consecutive months in a calendar year.

Bonuses do not compound as the sales quota increases.

Bonuses are paid at the same time as monthly sales commission earnings.

### Hourly rate‌

The hourly pay rate for the Representative is (Amount), which is the minimum wage in [Representative State]​. Commissions for sales are paid in addition to this rate. The Representative must document their working hours in the Employer’s CRM and/or other documentation systems as outlined in the section titled “Documentation” above. If the Representative does not properly track their sales and sales efforts as expected, it may result in termination of the agreement.

### Overtime‌

As a commission-based employee of [Representative Company]​, the Representative is exempt from overtime pay. Any hours worked over forty (40) per calendar workweek shall be paid at the regular hourly rate.

### Paying back commissions to the employer‌

The Representative is subject to paying back commission on any items that a customer returns for any reason other than a product defect. Owed commission paybacks are calculated and taken out of the Representative’s current month earned commissions. These payback amounts do not count against the monthly sales quota.

## Terms and conditions‌

The compensation of the Representative as a [Representative Title] for [Representative Company] is calculated as commissions and bonuses and may be in addition to hourly pay, if applicable. The commissions and bonuses paid to the Representative are based on sales performance and are strictly limited to the calculations defined in this Agreement.

If the Employer needs to make adjustments or additions to the pay structure outlined in the Agreement, they must make an amendment to the document that both the Employer and Representative agree to in writing.

‌Furthermore, the Representative agrees that this contract does not imply any definite length of employment with the Employer. The Representative and the Employer each maintain the right to terminate this agreement at any time without cause or notice required. The Representative understands that any commission for sales they are in the process of completing shall not be paid after the date of termination.

## Acceptance

By signing below, the Employer and Representative agree to enter into this sales commission agreement with one another, and agree to the terms described herein.

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| --- | --- |
| [Employer Company] | [Representative Company] |
| [Employer First Name] [Employer Last Name] | [Representative First Name] [Representative Last Name] |