

Commission Agreement

Company: [Company name], [Company legal name] **Sales Representative:** [Sales Representative name] **Effective date:** [Date]

This agreement is for an independent sales representative, not an employee. [If the representative is your employee, many states require a written commission plan with specific terms for employees; use one that meets your state's wage laws instead.]

1. Engagement

Company engages Sales Representative ("Rep") on a non-exclusive basis to find customers for [products or services] in [territory, customer type, or "any territory"]. Rep may also represent other companies, except direct competitors of Company in [product category], unless Company agrees in writing.

2. Commission

Company will pay Rep a commission of [Rate]% of the net amount Company actually collects from each customer Rep procures, on sales made during this agreement [and for [Number] months after the customer's first purchase]. "Net amount" means the amount invoiced, minus taxes, shipping, refunds, credits, and discounts. [Alternative: a fixed amount of [Amount] per sale, or a tiered rate — describe it here.]

3. When Commission Is Earned and Paid

A commission is earned only when Company receives payment from the customer. Company will pay earned commissions by the [15th] day of the month after the month in which payment is received, with a statement showing each sale, the amount collected, and the commission. If Company later refunds or credits a payment on which commission was paid, Company may deduct that commission from future commissions.

4. Credit for Sales

Rep is credited with a sale when [e.g., "Rep registers the customer with Company in writing before Company has had contact with that customer, and the customer buys within [Number] days"]. Company decides in good faith any dispute over which representative is credited, and will explain its decision in writing.

5. Pricing and Acceptance

Rep will quote only Company's current prices and terms, and has no authority to sign contracts, accept orders, or make promises on Company's behalf. Company may accept or decline any order.

6. Expenses

Rep pays Rep's own expenses unless Company approves an expense in writing in advance.

7. Independent Contractor

Rep is an independent contractor. Rep controls how, when, and where Rep works, is responsible for Rep's own taxes, and is not eligible for Company's employee benefits. Company will issue Form 1099 as required.

8. Confidentiality

Rep will keep confidential Company's non-public pricing, customer lists, and business information, and use it only to perform this agreement, during and after it.

9. Term and Termination

This agreement starts on the effective date and continues until either party ends it with [Number, e.g., 30] days' written notice. Company will still pay commissions earned on orders placed before termination, when the customer pays, [and on orders from Rep's customers placed within [Number] days after termination].

10. Entire Agreement and Governing Law

This is the entire agreement about Rep's commissions; changes must be in writing and signed by both parties. It is governed by the laws of the State of [State].

Signatures

By signing below, each party agrees to these terms.

[Company name] ("Company")

Signature: _____ Printed name: _____ Date: _____

[Sales Representative name] ("Sales Representative")

Signature: _____ Printed name: _____ Date: _____

This template is a general starting point, not legal advice — customize it and have it reviewed for your situation.