

SALES COMMISSION CONTRACT TEMPLATE



The Sales Commission Contract is a type of agreement by which a company entrusts the sale (exclusive or non-exclusive) of products and services to a person, self-employed professional or company (the agent) in exchange for fees which are established solely as a percentage of the amount of sales made. The agent carries out its activity in accordance with the sale conditions established by the company, and is not entitled to negotiate or sign agreements with buyers on the company's behalf. This **Contract** is used for one-off or sporadic sales in which there is not a continuous relationship between the Company and the Agent.

SALES COMMISSION CONTRACT

DATE:

BETWEEN:

..... [company legal name] whose registered office is at
[address, city and country] and registration/fiscal number is , represented by
..... [surname and first name, position] (hereafter referred to as "the Principal"),

AND:

Alternative A [When the Agent is an individual and independent professional]

Mr./Ms., of legal age, [include professional qualification], Tax Identification Number....., registered address , acting on his/her own behalf (hereafter, "the Agent").

Alternative B [When the Agent is a company]

..... [company legal name] whose registered office is at
[address, city and country] and registration/fiscal number is, represented by
..... [surname and first name, position]. (hereafter referred to as "the Agent").

The two Parties acknowledge that they have the legal capacity to enter into this Contract, based on the following clauses:

1. OBJECT OF THE CONTRACT

The Principal hires the Agent for the promotion and sale of:

Alternative A. The products which are described as follows:

Alternative B. The products listed in Annex 1 of this Contract.

2. TERRITORY AND EXCLUSIVITY

The territory assigned by the Principal to the Agent for the promotion and sale of the products is [*insert territory: country or countries, regions, etc.*].

Alternative A. The Principal exclusively grants the Agent the right to promote and sell the products in the assigned territory. The Agent shall be entitled to receive the commission stipulated in clause 3 of this Contract for all the sales it carries out in the assigned territory during the period this Contract is in force.

Alternative B. The Principal exclusively grants to the Agent the right to promote and sell the products in the assigned territory. Nonetheless, the Principal shall be entitled to negotiate directly, without the Agent's intermediation, with clients located in the territory, provided it informs the Agent of the aforesaid agreements. In these cases, the Agent shall be entitled to receive a commission of % [*insert percentage; normally 50% of the commission established in clause 3 of this Contract*].

Alternative C. The Principal will be able to grant third parties, be they natural persons or legal entities, the right to promote and sell the products in the territory. The Agent shall not be entitled to earn any commission whatsoever on the sales generated.

3. CALCULATION OF COMMISSION

The Principal agrees to pay the Agent, in exchange for the services rendered, a commission of % [*insert commission, usually between 5% and 10% of the value of sales carried out*]. The commission percentage established in this clause cannot be modified by the Parties, unless it is mutually agreed in writing.

The amount of the commission will be calculated on:

Alternative A. The net value of sales, in other words, the price in invoices of products sold by the Agent, without including additional expenses (packaging, transport and insurance), or taxes, provided that the aforesaid expenses and taxes are indicated separately in the invoice.

Alternative B. The invoice price of the products sold by the Agent, also including additional expenses (packaging, transport and insurance), but not including taxes.

.....

This is a sample of 2 pages out of 5 of the Sales Commission Contract

To get more information about this contract click here:



[SALES COMMISSION CONTRACT](#)

USER GUIDE

Contracts drafted by the legal experts of Global Negotiator cover all relevant aspects that are negotiated and agreed in the different types of business between companies. However, when these contracts are used you should take into account some recommendations common to all of them that are described in this User Guide.

DATE

The date when the contract comes into force is the one that appears in its header, as mentioned in the final paragraphs of the contract, before signatures (This Contract comes into force on the date written above).

In some contracts -for example in the Supply Contract- the date of coming into force is also mentioned in one of the clauses. In these cases you have to verify that the two dates inserted in the contract (in the heading and in the corresponding clause) are the same, in order to avoid discrepancies.

PARTIES

Be sure to insert in the first page of the contract the full details of the Parties:

- When a Party is a company you must insert the following information: legal name, legal form (limited, incorporated, etc.), full address, registration data and fiscal identification number.
- When a Party is an individual that works as independent professional (for example a commercial agent) you must insert the following information: full name, profession, full address and fiscal identification number.

CLAUSES

Clauses with different alternatives: choose the most favorable

In the most important clauses of each contract (exclusivity, payment terms, applicable law and competent jurisdiction, etc.) several drafting alternatives are proposed so you can choose the most appropriate to each situation. Therefore, the user before submitting the contract to the other Party must choose the alternatives that seem best suited to their interests, and eliminate the rest.

Clauses with blank spaces to be completed

In several clauses of the contract blank spaces appear with dots (.....) that the user has to complete inserting text. Following the dots, between brackets, you will see the data and explanations to insert the text.

- When the text between brackets is in normal letters (the same as the contract) and separated by "," or the word "o", the user must insert one of the options suggested.

Example of blank space (.....) with options to select between brackets:

Orders handled before completion of the present Contract which produce sales transactions within [1, 2, 3, 6] months shall entitle the Agent to receive the corresponding commission. In this case the user must choose between options 1, 2, 3 or 6 months and insert one in the blank space (.....).

- When the text between brackets is in italics the user has to insert the data and information requested and eliminate the bracketed text.

Example of blank space - (.....) to insert text:

Both parties, by mutual consent, resolve to refer any dispute to the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with said Rules. The place of arbitration shall be [*city and country*]. In this case the user must insert in the blank space (.....) the city and country chosen to conduct the arbitration and afterwards eliminate the bracketed text [*city and country*].

Notices Clause

Sometimes it may happen that the official address of the Parties which appear at the beginning of the contract is different from which is to be used for communications between the Parties during the terms of the contract. In this case the user should include at the end of the contract a Notices Clause.

Example of Notices Clause:

Notices. - In order to comply with their contractual obligations, the Parties establish the following address for the provision of notices related to this contract:

- Party 1 [*insert full address*].
- Party 2 [*insert full address*].

ANNEXES

The contracts incorporate some Annexes, each of them, referenced to the corresponding Clause. Annexes are drafted in commonly used formats, although the user must adapt these formats and the text inserted in them to each particular situation.

SIGNATURES

People who sign

Persons signing the contract on behalf of the company must have the authority to do so and preferably, be entitled on the basis of a power of attorney. Below the signature, in addition to the full name of the person that signs his/her position must be inserted. When one of the Parties who signs is a natural person (for example a commercial agent in a Agency Contract) obviously he or she is the person that has to sign the contract.

The laws of some countries require that contracts, to be valid, shall be signed in front of witnesses or a public notary. Therefore, before signing a contract you should be informed about the requirements that may exist in each country.

Place and date of signature

Usually contracts are signed by both Parties on the same date and place. Nevertheless, in international contracts, due to physical distance, it is common that each of the Parties sign in different dates and places. This contract provides for both alternatives so it comes to choosing the most appropriate to each situation.

Number of copies

Usually, the Parties sign two copies of the contract, each Party retaining one of them, but can also arise the need to sign more copies. In this case all you have to do is mention explicitly the number of copies to be signed in the paragraph that is included at the end of the contract (Both Parties declare their conformity to the present contract, which is signed in copies, each of which shall be considered an original).

GENERAL RECOMMENDATIONS

The Parties must sign all pages of the contract, including Annexes, so they are also valid. It is better to use ball point or pen (not pencil) in a color other than black (e.g.: blue); this makes it easier to distinguish an original document from a photocopy.

It is preferable (although not mandatory) to express sums of money and percentages in words and figures. Of course, the words and figures for a given amount must match exactly. You also must insert the currency in which the amounts are expressed. It is advisable to use the rules established by ISO that name each currency by three capital letters (EUR for euro, USD for dollar, GBP for sterling pound, JPY for Japanese yen, etc. - you can get the acronyms of every currency in the website www.oanda.com).

Once you have chosen the best alternatives of each clause and have completed the blank spaces you should revise the whole contract to remove remaining paragraphs and correct any errors.

BUSINESS CONTRACTS & AGREEMENTS TEMPLATES

BUSINESS CONTRACTS

- Strategic Alliance Agreement
- Joint Venture Agreement
- Manufacturing Contract
- Supply Contract
- Service Provider Contract
- Consulting Services Contract

COMMERCIAL CONTRACTS

- Exclusive Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Sales Commission Contract
- Real State Agent Agreement

LICENSE & FRANCHISE CONTRACTS

- Trademark License Agreement
- Technology Transfer Agreement
- Software License Agreement
- Franchise Contract
- Master Franchise Contract

CONFIDENTIALITY CONTRACTS

- Confidentiality Contract between Companies
- Confidentiality Contract for Product or Business Idea
- Confidentiality Contract for Employees
- Confidentiality Contract for Consultants and Contractors

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