

Sales & Commission Agreement Template

Date: _____

Between: The Company: _____

The Representative: _____

1. Plan Summary (Key Terms)

This section provides a snapshot of the compensation target.

- **Base Salary (if any):** \$ _____ per year
- **On-Target Earnings (OTE):** \$ _____ (Base + Commission at 100% quota)
- **Sales Quota:** \$ _____ per _____ [Month/Quarter/Year]
- **Primary Commission Rate:** _____ %

2. Nature of Engagement

- **Status:** The Representative is an [Independent Contractor / Employee].
- **Tax Responsibility:** [If Contractor: Representative is solely responsible for all federal, state, and local taxes. No taxes will be withheld.]
- **Exclusivity:** The Representative [may / may not] sell products for other entities, provided they do not compete directly with the Company.

3. Commission Structure & Calculation

The Company agrees to pay commissions based on the following:

- **Commission Basis:** Commissions are calculated on [Net / Gross] Revenue.
 - **Definition:** 'Net Revenue' is defined as the sale price minus [shipping, taxes, returns, discounts, and credit card fees].
- **Standard Rate:** _____ % of Net Revenue.
- **Accelerators (Tiers):** To incentivize high performance
 - **0% - 100% of Quota:** _____ %
 - **100% - 150% of Quota:** _____ % (Accelerator)
 - **150%+ of Quota:** _____ % (Super-Accelerator)

- **Timing of 'Earned' Commission**

- **Option A (Standard):** Commission is earned when the Company receives payment from the customer.
- **Option B (Hold & Release - Recommended by CaptivateIQ):** Commission is credited upon contract signature but held until the customer pays [50%] of the invoice.

4. Clawbacks & Adjustments

- **Clawback Triggers:** If a customer cancels, returns goods, or fails to pay within _____ days (e.g., 90 days) of the contract start date, any commission previously paid on that deal shall be deemed 'unearned'.
- **Recovery Method:** The Company reserves the right to deduct unearned commissions from the Representative's future commission statements.
- **Errors:** If a calculation error results in overpayment, the Company may deduct the overpayment from future checks with notice.

5. Payment Terms & Reporting

- **Frequency:** Commissions are paid [Monthly / Quarterly] on the _____ day of the following period.
- **Transparency:** The Company shall provide a detailed commission statement via [Software/Portal/Email] outlining:
 - Total Sales Closed
 - Applicable Commission Rates
 - Adjustments/Deductions (Clawbacks)
 - Total Payable Amount

6. Dispute Resolution

- **Review Period:** The Representative has _____ days (e.g., 5 business days) after receiving a commission statement to dispute any discrepancies in writing.
- **Waiver:** If no dispute is submitted within this period, the statement is deemed accurate and final.
- **Process:** Disputes will be reviewed by [Head of Sales / Finance Dept], whose decision on calculation interpretation shall be final, barring clerical errors.

7. Termination & 'Tail' Commissions

- **Termination:** Either party may terminate this agreement with _____ days' written notice.
- **Post-Termination Payment (The 'Tail'):**
 - Representative shall be paid commissions on all deals closed prior to the termination date, provided the customer pays within _____ days of termination.
 - Representative shall not be entitled to commissions on 'pipeline' deals that close after their termination date.

8. Right to Modify

- The Company reserves the right to modify the commission plan, quotas, or territories at any time. The Company must provide _____ days' written notice (e.g., 30 days) before changes take effect. Changes will not apply retroactively to sales already closed.

Signatures

[Company Representative]

[Sales Representative]

About Xactly

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