

Commercial Contract

COMMISSION AGREEMENT



*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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January 2013

Commission Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to employment matters. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

Information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

Commission Agreement

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7. COMMISSION AGREEMENT

THIS COMMISSION SALES AGREEMENT (hereinafter referred to as the "Agreement") is made at [insert place] on this ____ (insert date) day of _____ (insert month), 20__ (insert year)

BY AND BETWEEN:

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

(hereinafter referred to as the "Employer", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents)

AND

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number] (Hereinafter referred to as the "Employee".)

(The Employer and the Employee are hereinafter collectively referred to as the "Parties", and individually as the "Party").

WHEREAS the Employers engaged in the production of [insert names of products] (hereinafter referred to as the "Business") and requires the services of a sales person to sell and market its products.

AND WHEREAS the Employee has offered its services to the Employer, and the Employer has accepted the services so offered by the Employee on the terms and conditions as set out in this Agreement.

NOW THEREFORE the Parties to the Agreement agree to the following:

Commission Agreement

Pro-Gole (Right to do Business)

Legal Services, B&SDS

1. Appointment

The Employee is hereby appointed by the Employer as a Sales Representative in the Sales Department of the Employer, and the appointment shall continue to be until the termination of this Agreement in accordance with the terms and conditions mentioned herein.

2. Scope of Services

As the Sales Representative of the Employer, the Employee shall be specifically expected to:

- (i) Develop a sales plan for the growth of the base of clients of the Employer's business, including the identification of the targets for active pursuits; and
- (ii) The management of the sales and pricing in a way most suitable to achieve the objectives of the Employer's business with respect to the new revenue and profit targets generated each year.

3. Service Fees

The Employee shall be entitled to the payment of an amount of Rs. _____/- (Rupees _____) (insert amount) per month (hereinafter referred to as the "Service Fees") in lieu of the services of the Sales Representative under this Agreement.

4. Commission

- (i) In addition to the Service Fees, the Employee shall be entitled to a commission of [insert number]% of the selling price, exclusive of any sales taxes, of each unit sold by the Employee to a customer, which is not subsequently returned to the Employer against refund (hereinafter referred to as the "Commission").
- (ii) The Employee shall provide the detail of the products sold by the Employee, on the prescribed form of the Employer, to [insert name of department] on the 20th day of each month. The Commission against such form submitted by the Employee, after verification, shall be payable to the Employee on the last day of each month, along with the Service Fees.

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- (iii) The Employee hereby agrees that in order for the Employee to be entitled to the payment of Commission:
- a) The Employee shall continue to be employed in the Sales Department of the Employer's Business for the time during which commission is claimed against sale of products. The Employee further agrees that in case of the Employee's transfer to another Department, or the Employee's resignation or termination by the Employer due to any reason, the Employee shall no longer be entitled receive any commission against the sale of any of the Employer's products by the Employee.
 - b) The Employee shall perform its duties under this Agreement, and in accordance with the policies of the Employer, at a satisfactory level to retain the position of the Sales Representative. This shall include factors such as maintaining and increasing the last achieved sales quota, and contribution towards the achievement of the goals of the Business with respect to sales and the expansion of the customer base of the Business.
 - c) The Employee shall continue to add value, and actively contribute towards the management and growth of the revenue and clientele of the Employer.

5. Loyalty and Confidentiality

- (i) The Employee agrees to the best of his or her abilities to protect and promote the property, information and business interests of the Employer and not to disclose information to others that could be harmful to those interests.
- (ii) The Employer agrees to respect the rights of the Employee as set out in the Constitution and other relevant laws of Pakistan, in this Agreement and the rules and regulations of the Employer, and to treat the Employee fairly and with respect and dignity.

6. Termination

The Parties agree that this Agreement can be terminated by either Party giving a minimum of [insert number] months' notice to the other Party.

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7. Miscellaneous

- (i) Service Fees and Commission, along with any other monetary entitlements under this Agreement, shall be payable by the Employer to the Employee only in Pak Rupees.
- (ii) If any provision or part of any provision in this Agreement is void for any reason, it shall be severed without affecting the validity of the balance of the Agreement.

8. Copy of Agreement

The Employer agrees to provide the Employee with a signed and dated copy of this Agreement, with the original signatures of both Parties, at the time the Agreement is entered into.

IN WITNESS WHEREOF, the Parties have signed this Agreement, having fully understood the conditions set therein, of their own free will, in the presence of witnesses.

For and on behalf of
The Employer

For and on behalf of
The Employee

Witnesses:

1.

Name:

Address: _____

2.

Name:

Address _____
