



Understanding and Using Sales Commissions

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| Document #: | 3143 | Product: | CenterPoint® Accounting for Agriculture with Inventory Module |
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Sales commissions define the commission method and rates used to calculate salesperson commissions. You may need additional sales groups if various salespersons use different commission calculation methods/percentages. In that case, setting up commissions by salesperson may be the preferred option. To choose whether commissions are calculated by sales item or salesperson, select File > Preferences > Customer Invoices > Sales Commission.

The Salesperson Sales, Salesperson Item Sales, and Salesperson Item Sales (Detail) reports all display commission amounts for each salesperson.

[Step A: Choose Where Commission Rates are Assigned and Set Accounts for Commissions Payable](#)

[Step B: Create a Sales Commission](#)

[Step C: Assign the Sales Commission](#)

[Step D: Reporting Sales Commission by Salesperson](#)

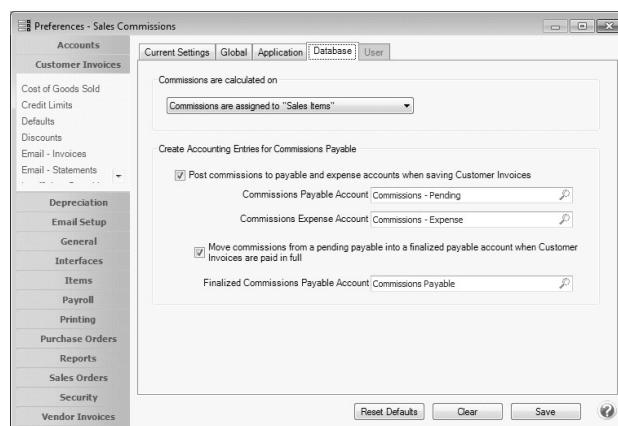
Prerequisite

You must have the **Inventory** module purchased and registered in the module configuration manager (File > Administration > Module Configuration Manager) prior to setting up or processing commissions. You must also have salespeople (Setup > Names) in the database prior to defining commission information.

Step A: Choose Where Commission Rates are Assigned and Set Accounts for Commissions Payable

Sales commissions can be assigned to a salesperson or to an sales item or sales group. Which option you choose depends on how you calculate commissions internally. If each salesperson earns the same rate of commission on everything they sell, then the sales commission will be assigned to the salesperson. But if they earn different rates depending on what it is they are selling, then you'd assign it at the sales item or sales group level.


1. Select **File > Preferences > Customer Invoices > Sales Commissions**. Select the **Database** tab.




2. In the **Commissions are Calculated On** field, select the appropriate option for your business.

This preference allows you to report commissions when the invoice is paid in full as opposed to at invoice creation by moving commission amounts from a pending liability account into another liability account when the invoice is paid in full. Also, if an

invoice was paid in full and subsequently is not, then the commission can be moved back out of the account into the pending liability account.

 Note: The default option is to calculate commissions at the time invoices are entered with no liability transactions generated.

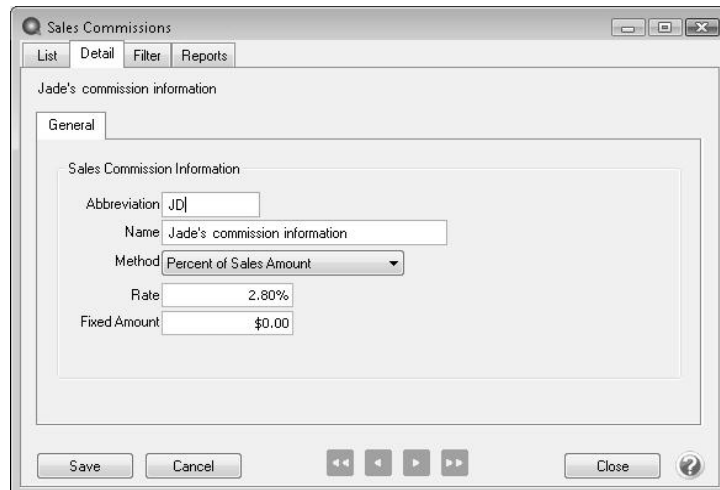
3. Select the **Post commissions to payable and expense Accounts when saving Customer Invoices** check box to enter a **Commissions Payable** and **Commissions Expense** account for users who want to pay commissions on paid invoices. This is a requirement to accurately track commissions to be paid on paid invoices.
 - » The general journal entry created during the posting process for entered invoices is:
 - » **General Journal Entry**
 - » Commission Expense Account (from this preference)
 - » Credit to Commission Liability Account (from this preference)
4. Select the **Move commissions from a pending payable into a finalized payable account when Customer Invoices are paid in full** and enter a **Finalized Commissions Payable Account** if you want to transfer the commission amount when the invoice is paid in full.

 Note: If an invoice is subsequently unpaid, the commission amount will be moved out of the finalized account back into the pending Commissions Payable account.

- » The general journal entry created during the posting processes for invoices from the Customer Invoices, Receipts, Sales Order (Edit / Fill / Invoice), and Apply Customer Deposits screens when this preference is set is:
 - » **General Journal Entry**
 - » Debit to Commission Payable Account (from this preference)
 - » Credit to Finalized Commission Payable Account (from this preference)
5. Select **Save**.

Step B: Create a Sales Commission

1. Select **Setup > Sales > Sales Commissions**.
2. Click on the **New** button.



The screenshot shows the 'Sales Commissions' window with the 'General' tab selected. The 'Sales Commission Information' section contains the following fields:

- Abbreviation: JD
- Name: Jade's commission information
- Method: Percent of Sales Amount (dropdown menu)
- Rate: 2.80%
- Fixed Amount: \$0.00

At the bottom of the window, there are buttons for 'Save', 'Cancel', navigation arrows, and 'Close'.

3. Assign an **Abbreviation** and **Name** for this sales commission. If you have chosen to calculate sales commissions at the salesperson level, then the Abbreviation and Name would normally reference the salesperson. Otherwise, it may reference the amount or type of commission.
4. Select the commission **Method** used when calculating commissions.
5. Enter the sales commission **Rate** as a percentage. For example, enter 5 for a 5% commission rate.

6. If the commission includes a **Fixed Amount**, enter the amount to be awarded in addition to the commission percentage. For example, if the salesperson gets a 5% commission + a \$25.00 fixed amount each time they sell a piece of equipment.
7. Click **Save**.
8. Repeat steps 1-7 for each sales commission needed.

Assigning a Sales Commission

Where a sales commission is assigned, depends on what option was selected in Step A.

If **Commissions are assigned to "salespersons"** was selected in Step A:

1. Select **Setup > Names > Names**.
2. To change the Sales Commission on an existing salesperson, select the salesperson and click **Edit**.
3. Click the **Detail** button next to the Salesperson check box.
4. In the **Commission** field, select the appropriate commission for this salesperson.
5. Click **OK**.

If **Commissions are assigned to "items"** was selected in Step A:

1. Select **Setup > Sales > Items** or **Setup > Inventory > Items**.
2. To change the Sales Commission on an existing Sales Item, select the item and click **Edit**.
3. In the **Commission** field, select the appropriate commission for this item.
4. Click **OK**.
5. Click **Save**.
6. Repeat for each inventory item. The commission can also be assigned when new items are entered into the system.



Note: If you are using sales Groups and are assigning sales commissions to items, save yourself time by assigning a default commission to each sales group (Setup > Sales > Sales Groups). Once that is completed, each time a new item is added to the system it will assign the commission to the item automatically when the sales group is assigned to the item. Also, if you change the sales group assigned to an existing item, it will update the sales commission assigned to the item.

Reporting Sales Commission by Salesperson

The Salesperson Sales, Salesperson Item Sales, and Salesperson Item Sales (Detail) reports will allow you to see your sales commission totals by salesperson. Select **Reports > Reports > Transaction Reports > Sales & Accounts Receivable > Salesperson Sales, Salesperson Item Sales, or Salesperson Item Sales (Detail)**.