



# UC San Diego

## Policy & Procedure Manual

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### BUSINESS OFFICE

#### Section: 500-6

Effective: 09/02/2015

Supersedes: Not Applicable

Review Date: TBD

Issuance Date: 09/02/2015

Issuing Office: [Office of Contracts and Grant Administration](#)

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## COMMISSION AGREEMENTS

### I. REFERENCES

UCSD Policy and Procedure Manual (PPM)

[523-10.2](#) Retainment of Individuals as Independent Contractors

300-29 General University Accounts Receivable & Delinquency System (GUARD) Invoicing and Collection

### II. BACKGROUND

Sometimes the most economically feasible method to effect certain types of business transactions is to offer individuals a percentage of sales/revenues (for example, advertising income for campus newspapers) in the form of a commission. These individuals may or may not already be employed by the University in another capacity.

### III. POLICY

Commissions may be paid to individuals who, with the approval of the Business Office, have signed the Commission Agreement, Exhibit A\1. The University cannot and will not assume liability for Agreements signed by departments and individuals which do not have Business Office approval. The following guidelines must be followed when commission payments result.

### IV. PROCEDURES

A. Prior to the execution of any *Commission Agreements*, departments must coordinate

1. Business Office

a. Approval of the commission plan.

b. Approval of the *Commission Agreement*.

2. Staff Personnel Management Office - only if the individual is already employed or is to be employed in a capacity other than that covered by the *Commission Agreement*.

a. Submission of a *Job Description*.

b. Submission of an *Employment Requisition*.

3. Student Personnel Office - if the individual is a student.

2. Accounting Office

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**PPM 500 - 6 Commission Agreements**

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- a. Processing of Guard invoices for customer billing.
  - b. Processing of requests for payment of commission. (The *Check Request Form* should reference the *Commission Agreement* and payee Social Security Number)
- B. It is the department's responsibility to inform the individual who will be receiving the commission that he / she:
1. Will be considered an Independent Contractor in carrying out the duties outlined in the *Commission Agreement*.
  2. Will be responsible for any taxes due to taxing agencies. (Exception - state income tax will be withheld if sales person is a non-resident.)
  3. Will bear any ordinary and necessary expenses incurred in the pursuing of sales.
- C. In fulfilling the terms and conditions of the *Commission Agreement*, the individual:
1. Will not be considered as a University employee, and must not pose as an employee, regardless of whether or not another position is held that satisfies the employee/employer relationship in an unrelated job.
  2. Will not be covered by Worker's Compensation Insurance by the University.
  3. Will not be paid commission prior to receipt by the University of money due from the business transaction.
  4. Will furnish department with his/her Social Security number.
- D. The department will not take any actions which will result in the establishment of an employer / employee relationship with the individual.
- E. Other administrative responsibilities are as follows:
1. *Commission Agreement* signature authorization shall be delegated to those who have authorization to sign personnel forms.
  2. The Business Office shall retain the fully executed *Commission Agreement* for a period of not less than four years following the *Agreement's* completion date. The Business Office is the Office of Record.
  3. The Business Office shall distribute executed *Commission Agreement* copies to:
    - a. Staff or Student Personnel as appropriate.
    - b. Originating department.
    - c. Salesperson.
    - d. Accounting Office/Disbursement Division.
  4. Originating department will prepare and submit *Check Request* form to Accounting / Disbursement Division for payment of commissions. The *Check Request* form should include the payee's Social Security number, permanent home address, and should reference the *Commission Agreement*.



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### EXHIBIT A

University of California, San Diego  
COMMISSION AGREEMENT  
COMMERCIAL ADVERTISING

THIS AGREEMENT is made by and between The Regents of the University of California (hereinafter called "University") and \_\_\_\_\_ (hereinafter called "Salesperson").

1. University authorizes Salesperson to solicit advertising for \_\_\_\_\_ at rates established by University in the capacity of an independent contractor. If Salesperson is an employee of University, Salesperson is not authorized and is not permitted to solicit advertising during scheduled hours of work as an employee of University.
2. University retains the right to establish standards for advertising and to approve advertising solicited by Salesperson prior to acceptance by University.
3. University shall pay Salesperson a commission of \_\_\_\_\_% of monies received and deposited by University during the term of this Agreement from advertisements solicited by Salesperson. Such commission payments will be by University check within 20 days after the end of each \_\_\_\_\_.
4. The period of performance for this Agreement shall be from \_\_\_\_\_ through \_\_\_\_\_.
5. Either University or Salesperson may terminate this Agreement without cause at any time by giving the other party written notice of such action. Any violation of the terms of the agreement by the Salesperson will cause this agreement to be terminated automatically.
6. All payments by advertisers to University must be by check, draft or money order made payable to The Regents of the University of California and delivered to or mailed to:

Central Cashier  
UCSD Q-009  
La Jolla, CA 92093

Salesperson shall not accept cash and shall not accept checks, drafts or money orders made payable to Salesperson.

7. Salesperson agree to defend, indemnify, and hold harmless the University, its officers, agents and employees from and against all losses and expenses (including costs and attorney's fees) resulting from any injury (including death) to any person or damages to property of others or salesperson arising of the acts or omissions of the Salesperson, or its employees, or agents in the performance of the work under this Agreement.
8. Salesperson understands that University will report to the Internal Revenue Service and Franchise Tax Board commission payments made to Salesperson without withholding taxes.

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**PPM 500 - 6 EXHIBIT A UC San Diego Commission Agreement Commercial Advertising**

9. If Salesperson uses a personal automobile in the performance of this Agreement, Salesperson shall provide evidence to University that he/she has the following minimum liability insurance:

- \$15,000 for injury to or death of one person
- \$30,000 for injury or death of two or more persons in one accident
- \$5,000 for property damage

Premiums on all insurance policies shall be paid directly by Salesperson.

10. Salesperson may not assign to transfer this Agreement, or any interest therein or claim thereunder, nor subcontract any portion of the work thereunder.

11. Salesperson will not hire any officer or employee of University to perform any service covered by this Agreement. Salesperson affirms that to the best of his/her knowledge there exists no actual or potential conflict between Salesperson's family, business, or financial interests and the services provided under this Agreement, and in the event of change, any questions regarding possible conflict of interest will be raised with University.

12. Salesperson shall not maintain or provide racially segregated facilities for employees at any establishment under Salesperson's control. Salesperson agrees to adhere to the principles set forth in Executive Orders 11246 and 11375 and to undertake specifically: to maintain employment policies and practices that affirmatively promote equality or opportunity for minority group persons and women; to take affirmative steps to hire and promote women and minority group persons at all job levels and in all aspects of employment; to communicate this policy in both English and Spanish to all persons concerned who are in his/her employ, with outside recruiting services, and the minority community at large; to provide the University on request a breakdown of the labor force by ethnic group, sex, and job category; and to discuss with the University policies and practices relating to this affirmative action program.

13. This Agreement shall be governed by the laws of the State of California.

SALESPERSON

THE REGENTS OF THE  
UNIVERSITY OF CALIFORNIA

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(City) (State/Zip)

\_\_\_\_\_  
(Name of Department)

\_\_\_\_\_  
(Social Security or Employer ID No.)\*

\_\_\_\_\_  
(Account/Fund to be charged)

\*Pursuant to Federal Privacy Act of 1974, you are hereby notified that disclosure of your social security number is mandatory. Disclosure of the social security number is required pursuant to Sections 6011 and 6051 of Subtitle F of the Internal Revenue Code and Regulation 4, Section 404.1256, Code of Federal Regulations, under Section 218, Title II of the Social Security Act, as amended. The social security number is to verify your identity. The principal uses of the number shall be to report payments to Federal and State governments.

The State of California Information Practices Act of 1977, effective July 1, 1978, requires the University to provide the following information to individuals who are asked to supply information about themselves.

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The principal purpose for requesting this information on this form is to report payment for income tax purposes to Federal and State governments, as applicable. University policy and State and Federal statutes authorize the maintenance of this information.

Furnishing all information requested on this form is mandatory--failure to provide such information will delay or may even prevent the payment for which this form is being filled out. Information furnished on this form is used by University departments for nonpayroll payments, and may be transmitted to the State and Federal governments as required by law.

Individuals have the right of access to this record as it pertains to themselves.

Business Office is responsible for maintaining this information on this form.