

New Rules for Commission-Paid Employees

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Effective January 1, 2013, a new California law requires that employees entering into employment agreements which involve compensation, even in part, on a "commission" basis must be provided a written contract which sets forth the method by which the commission is computed and paid.

This law does not change, and should not be confused with, the Wage Theft Prevention Act (WTPA), a law in effect since January 1, 2012, which requires that employers provide non-exempt employees with a notice regarding the essential terms of their employment, including a section stating the basis for their compensation, e.g. whether its payment by the hour, piece, commission, or other basis. But, for more than a summary notice requirement, the new law, (referred to as AB1396) focuses only on the enhanced requirements for agreements involving commissions.

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Attachments

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