

TENNESSEE CODE
TITLE 47 – COMMERCIAL INSTRUMENTS AND TRANSACTIONS
CHAPTER 50 – MISCELLANEOUS PROVISIONS

Section 47-50-114

Sales representatives — Commissions.

(a) As used in this section:

- (1) "Commission" means compensation accruing to a sales representative for payment by a principal, the rate of which is expressed as a percentage of the dollar amount of orders or sales;
- (2) "Principal" means a person who:
 - (A) Manufactures, produces, imports, or distributes a product for wholesale;
 - (B) Contracts with a sales representative to solicit orders for the product; and
 - (C) Compensates the sales representative, in whole or in part, by commission;
- (3) "Sales representative" means a person who contracts with a principal to solicit wholesale orders and who is compensated, in whole or in part, by commission, but does not include one who places orders or purchases for such person's own account for resale; and
- (4) "Termination" means the end of services performed by the sales representative for the principal whether by discharge, resignation, or expiration of a contract.

(b)

- (1) The terms of the contract between the principal and sales representative shall determine when a commission becomes due.
- (2) If the time when the commission is due cannot be determined by a contract between the principal and sales representative, the past practices between the parties shall control or, if there are no past practices, the custom and usage prevalent in this state for the business that is the subject of the relationship between the parties shall control.
- (3) All commissions that are due at the time of termination of a contract between a sales representative and principal shall be paid within fourteen (14) days after the date of termination. Commissions that become due after the termination date shall be paid within fourteen (14) days after the date on which the commissions become due.

(c) All commissions that are due at the time of termination of a contract between a sales

representative and principal shall be paid within fourteen (14) days after the date of termination. Commissions that become due after the termination date shall be paid within fourteen (14) days after the date on which the commissions become due.

- (d) A principal who, acting in bad faith, fails to comply with subsection (c) concerning timely payment may be liable in a civil action for exemplary damages in an amount which does not exceed treble the amount of the commissions owed to the sales representative. Additionally, such principal shall pay the sales representative's reasonable attorney's fees and court costs. If the court determines that an action to collect such exemplary damages has been brought on frivolous grounds, reasonable attorney's fees and court costs shall be awarded to the principal.
- (e) A principal who is not a resident of this state and who enters into a contract subject to this chapter is considered to be doing business in this state for purposes of the exercise of personal jurisdiction over the principal.
- (f) A provision of this chapter may not be waived, whether by express waiver or by attempt to make a contract or agreement subject to the laws of another state. A waiver of a provision of this chapter is void.
- (g) This chapter does not invalidate or restrict any other right or remedy available to a sales representative or preclude a sales representative from seeking to recover in one (1) action on all claims against a principal.

TN Code § 47-50-114 (2024).

Acts 1984, ch. 750, §§ 1-4; 1996, ch. 955, §§ 1-4.

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