**Template for Employee Profit Sharing Agreement**

This Agreement is made and effective this [date], by and between [place company name and address here] hereinafter referred to as "employer" and [place employee name, age, and address here] hereinafter referred to as "employee."

The employer has offered employment to the employee based on the offer letter issued on [specify date of offer letter]. The employee has accepted the offer and joined the services of the employer on [date] by executing a contract of employment [specify reference number] dated [specify date]

The employer and the employee now mutually agree to the following schedule for the financial distribution of net profits generated by [specify name of the company or unit with address], hereinafter referred to as the "company."

1. The employer agrees to pay the employee an incentive salary equal to [mention the applicable incentive pay rate] of the net profits of the company for the fiscal year, subject to a maximum of [specify the maximum amount of incentive salary payable in figures and words].
2. The net profits of the company for the purpose of this agreement is the net profits generated by the company after federal and state income taxes, contribution to pension funds, and deduction of any extraordinary gains or losses on disposition of assets, and is based on the income statements prepared by the company under generally accepted accounting practices. The determination of net profit by the company or its authorized representative shallbe finaland binding on the employee.
3. The employer shall pay the employee the applicable incentive salary within thirty (30) days after the company's independent accounting firm concludes its audit of the financial statements. In the eventuality of the independent accounting firm not completing the final audit 90 days after the end of the fiscal year, the company shall make a provisional payment equal to fifty percent (50%) of the estimated incentive salary, based on the un­ audited financial statements.The company shall deduct such provisional payment from the actual incentive salary pay out for the fiscal year.
4. The payment of incentive salary will start with the company's year-end [list first year of incentive salary] and continue each fiscal year thereafter during the term of this agreement.
5. The employee becomes eligible to receive the incentive salary only if the employee attends work or remains in the payrollof the company for at least [specify number of days] days in the applicable fiscal year.The company shall deem the employees authorized leave of absence, weekly days off, and approved company holidays as working days for computing incentive pay.
6. The employee becomes ineligible to receive any incentive salary if the employee breaches any material obligation owed to the company, habitually neglects the work duties, engages in dishonest conduct, damages the reputation or standing of the

company, and *I* or engages in any criminal act or acts of moral turpitude. This is without prejudice to any other action the company may take at its discretion and/or any other action per other agreements or laws in force.

1. This agreement remains valid only during the period the employee is in the service of the company. If the employee resigns, is terminated, or ceases to be in the payroll of the company for any reason whatsoever, the agreement shall automatically cease to be valid

from the date the employee is removed from the rolls of the company, and the employee shall become ineligible for any further payout of incentive salary from such date.

1. The employer has the right to discontinue this agreement, or alter the terms and conditions at any time at its discretion, by providing the employee with a notice of 30 days of the intention to do so.
2. This agreement terminates and supersedes allprior understandings or agreements on incentive salary.
3. This Agreement shall be construed and enforced in accordance with the laws of the state of [list state of governing law].

IN WITNESS WHEREOF, the parties have hereunto signed this agreement this

day of , 20 .

[Employer signature, name, and designation] [Employee signature, name, and designation]

Witness 1:

SIGNATURE *I* NAME *I* TITLE *I* ADDRESS

Witness 2:

SIGNATURE *I* NAME *I* TITLE *I* ADDRESS