

Annual Bonus vs Commission (vsdiff.com)

Criteria	Annual Bonus	Commission
Definition	A fixed amount paid periodically based on an employee's performance or company profits.	A variable amount based on the sales or revenue generated by the employee.
Payment Frequency	Usually paid annually or semi-annually, often at the end of the fiscal year.	Paid regularly (monthly, bi-weekly) based on sales performance.
Predictability	Highly predictable for employees as it is generally fixed.	Less predictable; income can vary significantly month to month based on sales.
Motivation Factor	Encourages loyalty and long-term commitment.	Drives short-term performance and encourages hustle.
Impact on Company	Improves employee retention and satisfaction.	Can lead to aggressive sales tactics; may impact company reputation.
Tax Implications	Generally taxed as regular income.	Can be subjected to different tax treatments depending on local laws.

Source: <https://vsdiff.com/annual-bonus-vs-commission/>