# Deductions FAQ

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Deductions come out of one party's share and get paid to another, and they can't be created on the fly or exceed the share they come from. Answers to the common questions about payees, reporting, and when to reach for something else.

## Do I have to set up a deduction type before I can use it?

Yes. Deduction types are created on the *Deductions* page in **Admin / Settings** under *Financials*. There's no way to type a one-off name directly onto a transaction — but a type with no default amount works fine as an occasional-use deduction.

## Can a deduction be paid to the brokerage?

No — that's an agent fee. Deductions taken after the split go to in-house users or outside parties. Money an agent owes your office is set up on the *Agent Fees* page instead.

## What can a percentage deduction be calculated on?

Six values — with one exception off the top. **Gross Commission**, **Sale Price**, **Distributable Commission**, **Broker Gross**, **Agent Gross**, or **Gross Commission less Referral Commission**. Taken off the top, a percentage can only use **Gross Commission** or **Sale Price**; any other basis has to be entered as a dollar amount there.

## Will a deduction show as its own line on the CDA?

Only when the payee is outside your company. External payees get their own payable line so title cuts the check directly. A deduction paid to an in-house user is included within the brokerage's single payable instead.

## Can a deduction be larger than the commission?

No. The Commission Module disburses commission and won't record a negative payout, so a deduction can't exceed the share it comes from. When the payment is real anyway, write it into the CDA's special instructions and it prints as an instruction to the closer.

## What's the difference between a deduction and an off-the-top deduction?

When it comes out. Off the top reduces the gross commission *before* the broker/agent split, so it changes what everyone divides. A regular deduction comes out of one party's share *after* the split, and leaves everyone else's numbers alone.

## How do I report on what we paid a third party over the year?

Commission & Closings, with deduction details included. Run it for the closing period you want and check *include* *deduction details*. The download carries a column for each deduction type applied on those transactions — a missing column means that type wasn't used in the period.

## An agent is splitting commission with another in-house agent. Deduction or referral?

Deduction, if it comes from the agent's own share. Use an agent deduction paid in-house to the second agent. If it's genuinely a referral coming off the gross, use the **Referral Commission** field in *Step 1* instead — a referral entered as a deduction reports as a deduction, not as referral income.

## Where do I see deductions broken out per agent?

The Agent Income report. Run it with deduction details included and you get each fee and deduction type listed with totals for that agent.

## Learn More

Deductions come out of the brokerage's share or an agent's share of a commission and get paid to someone else — an in-house teammate or an outside company.

See Deductions

## Still Have Questions?

Didn't find your answer above? Email us at help@paperlesspipeline.com and we'll help.