Deductions

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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.

Introduction

Not every dollar on a closing goes to the brokerage or the agent. The transaction coordinator gets paid. The home warranty company gets paid. A teammate is owed a cut, a buyer is getting a rebate. All of it comes out of the commission on the way past.

That's a deduction. It's the flexible one, because unlike an agent fee it lets you name whoever gets paid, and it lets you say whose share the money comes out of, the brokerage's or an agent's, deal by deal. The types themselves are created once at the account level. From then on, the person entering commissions picks a type and answers the two things that change from one closing to the next: out of whose share, and to whom.

Worth knowing before your first one: a deduction has to exist as a named type before you can use it. There's no way to type a one-off charge onto a single deal, so a sign install or a one-time credit needs a type made for it first. Once the list reflects how your office actually pays people, most closings come down to a couple of picks and an amount.

How It Works

Set up the types, then choose the payer and the payee on each transaction.

Where Deductions Live

The list lives in **Admin / Settings**, under **Deductions** in the *Financials* section of the left menu. Only master admins can see or change it. A deduction type has to exist before you can apply it — there's no way to type a one-off deduction name directly on a transaction.

Whose Share It Comes Out Of

In *Step 3 — Fees & Deductions*, [Enter deduction for brokerage] takes it from the brokerage's share; [Enter deduction for this agent] takes it from that agent's. Both happen after the broker/agent split, so a deduction here changes one party's net and nobody else's.

Who Gets Paid

Choose **[external]** and type the payee's name and address into **Payable To**, or choose **[in-house]** and pick a Pipeline user. What a deduction can't do is pay the brokerage — money owed from an agent to your office is an agent fee.

Dollars or Percent

Each deduction type carries a default amount as a flat **[$]** figure or a **[%]**. A percentage can run against **Gross Commission**, **Sale Price**, **Distributable Commission**, **Broker Gross**, **Agent Gross**, or **Gross Commission less Referral Commission**. Hover over a deduction's **[%]** while entering commissions to see which one it uses.

How It Reads on the CDA

A deduction paid to an outside person or company becomes its own payable line — title cuts that check directly. A deduction paid to an in-house user rides inside the brokerage's single payable instead, so it doesn't show as a separate line.

The Ceiling

A deduction can't exceed the share it comes out of. The Commission Module disburses commission, so it doesn't record a negative payout — if the brokerage earns nothing on a transaction, there's nothing for a broker deduction to come out of. When that's the reality of the deal, the amount goes into the CDA's special instructions as text.

Add a Deduction Type

Create a deduction so it's there when you enter commissions.

Who Can Do This: Master admins.

To add a deduction type:

1. Click the [Gear] in the upper-right corner, then [Admin / Settings].
2. Click [Deductions] in the *Financials* section of the left menu.
3. Type the name in the **Deduction Name** column.
4. Enter the standard amount in the **Default Amount** column, or leave it blank if the amount varies.
5. Choose [%] or [$] to set whether that amount is a percentage or a dollar figure.
6. If you chose [%], pick the percentage basis the deduction should be calculated on.
7. Click [Save Settings].

The deduction now appears in *Step 3 — Fees & Deductions*, and in the off-the-top dropdown if your location has that turned on.

Delete a Deduction Type

Take a deduction off the list so it stops appearing when you enter commissions.

Who Can Do This: Master admins.

To delete a deduction type:

1. Click the [Gear] in the upper-right corner, then [Admin / Settings].
2. Click [Deductions] in the *Financials* section of the left menu.
3. Clear the **Deduction Name** of the deduction you want to remove.
4. Click [Save Settings].

It stops appearing on new commission entries. Amounts already recorded on past transactions stay as they were.

Take a Deduction from the Brokerage's Share

Pay a third party out of what the brokerage earned on the transaction.

Who Can Do This: Admins with the *enter financial data* permission for the transaction's location.

To take a deduction from the brokerage's share:

1. Open the transaction and click [Manage Commissions] or [Update Commissions] in the left menu.
2. Work through to *Step 3 — Fees & Deductions*, then in the *Broker's Fees & Deductions* section click [Enter deduction for brokerage].
3. Select the deduction name. If it has a default amount, that amount fills in.
4. Confirm the amount or enter a different one, as a dollar figure or a percentage.
5. Choose who it's paid to: [external] and type the payee's name and address into **Payable To**, or [in-house] and select the user.
6. Repeat for any other deductions, then continue through the remaining steps and save.

Pipeline subtracts the amount from the brokerage's net payable. External payees appear as their own payable line on the CDA; in-house payees ride inside the brokerage's payable.

Take a Deduction from an Agent's Share

Pay a third party out of what one agent earned on the transaction.

Who Can Do This: Admins with the *enter financial data* permission for the transaction's location.

To take a deduction from an agent's share:

1. Open the transaction and click [Manage Commissions] or [Update Commissions] in the left menu.
2. Work through to *Step 3 — Fees & Deductions*, then in that agent's *Fees & Deductions* section click [Enter deduction for this agent].
3. Select the deduction name. If it has a default amount, that amount fills in.
4. Confirm the amount or enter a different one, as a dollar figure or a percentage.
5. Choose who it's paid to: [external] and type the payee's name and address into **Payable To**, or [in-house] and select the user.
6. Repeat for any other deductions, then continue through the remaining steps and save.

The amount comes off that agent's net payable and shows as income to the recipient in your financial reports.

Frequently Asked Questions

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.