

Item Returned? Recoup That Commission You Paid

Publication

7.19.07

Q: We pay our sales staff on a commission basis. Often, after a sale has been made and the employee has been paid, the product is returned for a refund. We have always reduced the employee's pay in the next period by the amount of commission he or she was paid on the returned item. Now one of our employees claims this is an illegal wage deduction. Is he right?

A: No. However, there are a few things you should do to stay out of trouble.

With commissioned salespeople, so long as they make minimum wage and overtime (unless they qualify for an exemption), you can set up their pay plans however you would like. Typically this will include a deduction from the overall calculation based upon returns. This constitutes part of the original wage calculation, not a deduction from wages, as argued by your employee.

This article appeared in the July 19, 2007 issue of the *Daily Journal of Commerce* - Portland, OR.

Related People



Mitchell C. Baker

Partner

503.205.8080

Email

