

Rebates

BROKER RESOURCES

REBATE



MASSACHUSETTS
ASSOCIATION OF REALTORS®



The Rebate Trend

In recent years, it has become more common for REALTORS® to offer rebates to clients at the close of a transaction

This practice is both legal and ethical

Massachusetts law typically prohibits the sharing of commissions with unlicensed individuals but there's an exception in Massachusetts General Laws Chapter 112, Section 87QQ that allows for rebates



M.G.L. Ch. 112, Section 87QQ

- This section of the law provides an exemption from the licensing requirement for individuals who are acting on their own behalf to acquire, lease, or rent real estate for personal use or investment purposes
- Buyers and sellers involved in a real estate transaction are not obligated to hold a license to receive a portion of the REALTOR[®]'s commission as a rebate



Remember

The rebate can **only** be given to a principal involved in the transaction, like a buyer or a seller and can't be directed to a third party who wasn't directly involved as a principal in the transaction



MASSACHUSETTS
ASSOCIATION OF REALTORS®

BROKER RESOURCES



The REALTOR[®] Code of Ethics

- Includes a rule against sharing fees, commissions, or other valuables with someone who isn't licensed
- Permits REALTORS[®] to give gifts to clients as part of a particular real estate transaction
- In line with Massachusetts licensing law, these gifts can only be given to someone directly involved in the transaction



Summary

We recommend that any REALTOR[®] planning to offer a gift, incentive, or rebate to a client first consult with a tax professional to discuss potential tax ramifications of such an offering



Resources

Additional resources featured in this presentation:

MGL Ch. 112 Sec. 87QQ

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleXVI/Chapter112/Section87QQ>

[NAR Code of Ethics](#)



MASSACHUSETTS
ASSOCIATION OF REALTORS®

BROKER RESOURCES



MAR LEGALHOTLINE



1-800-370-LEGAL (5342)



- Call 800-370-LEGAL (5342) from 9 am – 4 pm Monday through Friday
- Or email Legalhotline@marealtor.com any time



MASSACHUSETTS
ASSOCIATION OF REALTORS®

BROKER RESOURCES

