



# Surcharge Information Packet

Answers to Frequently Asked Questions about implementing Surcharges



# Surcharge Information

This packet provides answers to frequently asked questions regarding Surcharges, the support MerchantE provides, and a merchant's legal and compliance responsibilities. This packet is not intended to be used as comprehensive legal or compliance advice. Your organization is responsible for understanding and adhering to all requirements related to surcharges and must independently assess your compliance status accordingly.

1. What is a payment card surcharge?

A payment card surcharge, also known as a checkout fee, is an additional percentage-based fee that a merchant adds to a buyer's bill when he or she uses a credit card for payment.

2. Which merchants can add a surcharge to credit card transactions?

Merchants in the U.S. and U.S. territories may add a surcharge to certain credit card transactions. Some states prohibit surcharging. Please consult with legal counsel to determine whether your practices comply with relevant state laws. Merchants who choose to surcharge must follow consumer disclosure and other state and federal requirements.

3. Can a surcharge be charged in other countries than the U.S.?

No. The surcharge rule modification applies only to merchants in the U.S. and U.S. territories.

4. What is the process to get started with surcharging?

The required steps to implement surcharge are:

1) Notify card brands and your acquirer at least 30 days in advance of beginning to surcharge.

a. Register with Visa and Mastercard (other brands do not require registration):

i. Visa - Notify MerchantE of your intent to surcharge by completing the MerchantE application or surcharge amendment.

ii. Mastercard - Merchants submit a notification form to Mastercard at:

[www.mastercard.us/en-us/surcharge-disclosure-webform.html](https://www.mastercard.us/en-us/surcharge-disclosure-webform.html)

On the registration forms, it is important that you list

- "MerchantE" as the "Acquirer/Payment Service Provider"
- "Brand" as the "Type of Surcharge."

b. Surcharging can begin 30 days after these notifications have been made.

2) Surcharging is limited to credit cards only (it is not permitted for debit and prepaid cards).

3) Adhere to surcharge amount agreed upon with acquirer.

4) Disclose the surcharge as a merchant fee and clearly alert consumers to the practice at the point of sale, both in store and online – and on every receipt.

**NOTE:** Each merchant is responsible for ensuring that its surcharge disclosure complies with any applicable state or federal laws such as UDAAP (Unfair, Deceptive or Abusive Acts and Practices).

Disclosure examples: <https://usa.visa.com/dam/VCOM/download/merchants/sample-surchargedisclosure-signage.pdf>

It is especially important to confirm whether any of the states where you conduct business prohibit surcharging. More information on rules and requirements related to surcharging can be found at:

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- [pressreleases.visa.com/support/small-business/regulations-fees](https://pressreleases.visa.com/support/small-business/regulations-fees)
  - [www.mastercard.us/en-us/merchants/get-support/merchant-surcharge-rules](https://www.mastercard.us/en-us/merchants/get-support/merchant-surcharge-rules)
  - [www.americanexpress.com/merchanttopguide](https://www.americanexpress.com/merchanttopguide) (see section: 3.2)
5. Can I assess a surcharge on debit card transactions for which the cardholder using a debit card chooses “credit” on the point-of-sale terminal?
 

No. Surcharges are only permitted on purchases made with a credit card.
  
  6. Are there limits to the amount I can surcharge?
 

Yes. All card brands must be charged the same surcharge percentage. **Starting April 2023, the surcharge rate cannot exceed 3%.**
  
  7. On the card brand registration form, which “Type of Surcharge” should I select?
 

There are two types of surcharge: brand-level and product-level. Merchants are only permitted to apply a brand-level surcharge to Mastercard credit cards.

By definition, a brand-level surcharge is one where the merchant charges the same percentage fee on all credit cards. A product-level surcharge is one where the merchant imposes the surcharge on a specific credit card product within the Visa or Mastercard family of credit products, not all of that brand’s credit products. In the MerchantE surcharge program, the surcharge must apply to all of each brand’s credit card products; therefore, the brand-level surcharge is the correct option to select on the card brand registration form.
  
  8. Do laws exist that relate to surcharging?
 

There are state and federal laws and requirements that can vary by state. Merchants should ensure they comply with all applicable state and federal laws. Please consult with legal counsel to determine whether your practices comply with relevant laws and requirements.
  
  9. Do card brands’ allowance of surcharging take precedent over state laws that may prohibit or restrict surcharging?
 

No. Merchants must continue to comply with applicable state or federal laws, including but not limited to state laws that may prohibit or restrict surcharging of credit transactions, and federal and state laws regarding deceptive or misleading disclosures such as UDAAP.
  
  10. I operate stores in multiple states. State laws prohibit me from surcharging in some states where I operate, but not others. Does this mean I can’t surcharge in any of the states where I operate?
 

No. If a merchant is prohibited from surcharging in one state, card brand rules do not prevent the merchant from surcharging in other states that allow the practice.
  
  11. What are the point-of-sale disclosure requirements for merchants?
 

A merchant must prominently display a clear disclosure of the surcharge policy at the point of store entry, or on an e-commerce transaction, the disclosure must be on the first page that references credit card brands.

The disclosure must include a statement that the surcharge the merchant imposes is not greater than the merchant’s Discount Rate for Mastercard credit card transactions.

Merchants are free to develop their own signage that meets surcharging requirements and are permitted to combine brand messages if more than one credit card brand is surcharged (e.g., Visa and Mastercard).

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The verbiage below is provided as an example of compliant surcharge disclosure:

- We impose a surcharge on credit cards that is not greater than our cost of acceptance ○ We impose a surcharge of \_\_\_ % on the total transaction amount on credit card transactions, which is not greater than our cost of acceptance
- We do not surcharge debit cards

Disclosure requirements and sample compliant signage can be found at:

- <https://usa.visa.com/support/small-business/regulations-fees.html#2>
- [www.mastercard.us/content/dam/mccom/en-us/documents/Merchant\\_Surcharge\\_FAQ.pdf](http://www.mastercard.us/content/dam/mccom/en-us/documents/Merchant_Surcharge_FAQ.pdf)

12. Is a merchant required to include an itemized entry for the surcharge on the customer's receipt?  
Yes, a merchant must provide clear disclosure of the amount of the surcharge on the customer's receipt.
13. What is the difference between a surcharge and a convenience fee?  
Surcharges are fees that a retailer adds to the cost of a purchase when a customer uses a credit card. A surcharge is a percentage of the value of the sale. Surcharges are intended to recoup some or all the cost of the credit card processing fees. In general, a convenience fee is applied when payment by credit card is an alternative form of payment not ordinarily accepted by a merchant or service provider.  
For example, movie theaters typically sell tickets face-to-face at the box office. However, if a movie theater gives customers the alternative option of paying by phone using a credit card, then that theater could charge a "convenience fee" for the privilege of paying remotely by phone. The convenience fee is a fixed amount regardless of the value of the purchase.
14. Can a merchant charge both a surcharge and a convenience fee?  
No. If a merchant chooses to surcharge credit transactions, they cannot also assess a convenience fee.
15. Is the surcharge amount included in the return amount if a transaction that had a surcharge applied is returned?  
On a return, the purchase amount plus the surcharge should be credited to the cardholder. On a partial return, the corresponding percentage of the surcharge should be returned.
16. In the event of a chargeback, is the surcharge fee included in the chargeback amount?  
In the case of a chargeback, the purchase amount plus the surcharge should be credited to the cardholder. On a partial chargeback, the corresponding percentage of the surcharge should be returned.
17. What will card brands do to address merchant non-compliance events?  
As with all card brand standards, customers and merchants are expected to comply with the rules. Card brands will use existing compliance procedures and protocols to address merchant noncompliance events.

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