

Card Association Notice to Merchants That Surcharge

Merchant Surcharge Q and A

- **What is a payment card surcharge?**

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

- **Can I add a surcharge to card transactions?**

- Merchants in the U.S. and U.S. territories may add a surcharge to credit card transactions, subject to certain limitations. Merchants who choose to surcharge must follow consumer disclosure and other requirements.

- **What should I consider when determining whether or not to assess a surcharge on card transactions?**

- Before choosing to surcharge, U.S. merchants may want to consider a number of factors, including:
 - The potential impact on your customers' experience
 - What your competitors might be doing
 - What information must be disclosed to your customers, and how
 - Cost of credit cards and other forms of payment

- **I am a merchant who intends to surcharge. What is the process I need to follow?**

- U.S. merchants that intend to surcharge are required to:
 - Notify Visa and your acquirer at least 30 days in advance of beginning to surcharge. A notification form to Visa can be submitted at www.visa.com/merchantsurcharging.
 - Limit surcharging to credit cards only (debit cards and prepaid cards cannot be surcharged) and limit the amount to your merchant discount rate for the applicable credit card surcharge*.
 - Disclose the surcharge as a merchant fee and, for both in-store and online transactions, clearly alert consumers to the practice at the point of entry, the point of sale or transaction, and on every receipt. Merchants should also consider whether they comply with all applicable state and/or federal laws. Currently, several states have laws that prohibit or limit surcharging, including Colorado (prohibition effective through 30 June 2022), Connecticut, Maine, Massachusetts, and Oklahoma.
 - More information can be found at www.visa.com/merchantsurcharging.

→ • **Can I assess a surcharge on both credit and debit card purchases?**

- No. The ability to surcharge only applies to credit card purchases, and only under certain conditions. U.S. merchants cannot surcharge debit card or prepaid card purchases.

→ • **Can I assess a surcharge on debit card transactions where the debit cardholder chooses "credit" on the point of sale terminal?**

- No. The ability to surcharge only applies to purchases made with a credit card, and only under certain conditions.

- **Are there limits to the amount I can surcharge?**

- Yes. U.S. merchants may assess a surcharge on credit card purchases that does not exceed the merchant discount rate for the applicable credit card surcharged*. More information can be found at www.visa.com/merchantsurcharging.
- **Can I choose to surcharge Visa credit cards and not surcharge other card brands?**
 - Yes, however merchants typically must surcharge Visa on the same terms and conditions as any equal or higher cost competitor that imposes limits on surcharging.
- **Am I required to disclose the surcharge to my customers?**
 - Yes. U.S. merchants that surcharge must disclose the surcharge dollar amount on every receipt. In addition, disclosures indicating that a merchant outlet assesses a surcharge on credit card purchases must be posted at the point of entry and point of sale/transaction. Disclosure requirements and sample compliant signage can be found at www.visa.com/merchantsurcharging.
- **What laws exist that may relate to surcharging?**
 - Currently, several states have laws that prohibit or limit surcharging, including, Colorado (prohibition effective through 30 June 2022), Connecticut, Maine, Massachusetts, and Oklahoma.
- **I operate stores in multiple states. I understand that state laws prohibit me from surcharging in some states where I operate, but not others. Does that mean I can't surcharge in any of the states where I operate?**
 - No. If a merchant is legally prohibited from surcharging in one state, Visa's rules do not prevent the merchant from surcharging in other states that allow the practice.
- **Can I pick and choose what types of Visa cards I add a surcharge to?**
 - U.S. merchants have the option to add a surcharge at the "brand level" to all Visa credit card transactions, or to particular types of Visa credit card transactions at the "product level" (e.g. Visa Traditional, Visa Traditional Rewards, Visa Signature) but not both.
- **Does the ability to surcharge apply to merchants globally?**
 - No. The rules discussed in this Q&A related to the surcharging of credit cards apply to purchases made in the U.S. and U.S. territories only. Surcharging remains prohibited outside the U.S., with certain limited exceptions. For further information, please visit: <https://usa.visa.com/dam/VCOM/download/about-visa/visa-rules-public.pdf>.
- **Where can I get more information about Visa's rules related to surcharging, requirements for surcharging, and other related information?**
 - Merchants can access this and other information by visiting www.visa.com/merchantsurcharging.
 - For further information, please visit: <https://usa.visa.com/dam/VCOM/download/about-visa/visa-rules-public.pdf>.
- In no event can a merchant assess a surcharge above 4%, even in cases where the applicable merchant discount rate exceeds 4% of the underlying transaction amount.
Information provided here is subject to Visa's operating regulations relating to surcharging.