

# Navigating Surcharging:

A comprehensive Toolkit  
for Businesses.

*helcim*

APRIL 2024

# SURCHARGING 101

## What is surcharging?

A credit card surcharge is an additional fee that merchants may choose to add to a customer's bill when they opt to pay with a credit card, aimed at covering the merchant's credit card processing fees.

## How much can I surcharge?

In the U.S., surcharge caps vary by card brand, with Visa capping at 3% and Mastercard at 4%, except Colorado where the cap is 2%. In Canada, the cap is universally set at 2.4% for all card brands.

## Can I surcharge on any type of payment?

You can apply a surcharge to credit card transactions but not to debit card transactions. There's a distinction between a surcharge, which is specific to credit card payments, and a convenience fee, which can apply to any form of payment but cannot be combined with a surcharge on a single transaction.

## Can I offer alternatives to my customers so they avoid surcharges?

Yes, merchants may encourage alternative payment methods such as debit cards, cash, ACH bank payments, or offering cash discounts.

## Can I surcharge in any sales environment?

Yes, merchants can choose to surcharge in in-person, over-the-phone, or online transactions. However, surcharges should not be specific to discounted or sale items but rather apply to any transaction paid for with a credit card.

## How to register and implement surcharging?

There's no deadline to register for surcharging, but a 30-day notice period is required before you can start. Mastercard requires a notification form while Visa does not. It is also advisable to notify your acquirer before implementing as well as your staff and your clients. Merchants must also put up the required disclosures prior to applying surcharges.

## What happens to a transaction with surcharging if there is a chargeback?

In the event of a chargeback, the purchase amount, including the surcharge, should be credited back to the cardholder. For partial chargebacks, a corresponding percentage of the surcharge should be returned.

## What happens with the surcharge when a refund is issued?

If you refund a transaction, the entire amount, including the surcharge, must be returned to the customer. This applies to both full and partial refunds, ensuring the surcharge portion is appropriately refunded as well.

## Can I offer alternatives to my customers so they avoid surcharges?

Yes, merchants may encourage alternative payment methods such as debit cards, cash, ACH bank payments, or offering cash discounts.

## Is surcharging appropriate for my business?

Considering surcharging involves navigating ever-changing regulations and may suit businesses like B2B, charities, or services (auto, legal, construction). However, it's less advisable if alternatives are readily available, for high-value transactions, or targeting surcharge-averse consumers.

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# SURCHARGING CHECKLIST

Prior to implementing surcharges on credit card transactions, it's essential to be aware of and fulfill specific prerequisites to avoid penalties and complaints associated with incorrect surcharging practices.

## Step 1: Ensure your state allows surcharges

For businesses in multiple states, surcharge only where it's allowed. Some states have special rules for surcharging, so it's best to check before starting.

States where surcharging is **not allowed**:

- Connecticut
- Maine
- Massachusetts
- Puerto Rico
- Quebec

## Step 2: Notify your credit card network

Submit Mastercard's Merchant Surcharge Disclosure Form 30 days before surcharging.

- [Canada Form](#)
- [US Form](#)

Visa does not require direct notice; your payment processor will inform them for you.

## Step 3: Notify your acquirer or payment processor

Inform your payment processor 30 days before you start surcharging via email or call. Save the email and its confirmation when applicable. Below is a list of common acquirers and links for notifying them of your decision to surcharge.

### Acquirers

- **Chase Payments:** Form submission: [Canada](#) | US Not available
- **Fiserv:** Contact [Fiserv Sales](#)
- **Moneris:** Contact [Moneris Support](#)
- **Global Payments:** Form submission: [Canada](#) | US Not available
- **TD Merchant Services:** [Contact TD Merchant Services Representative](#)

## Step 4: Notify your customers

Explain the surcharge to your team and customers, why it's happening, and alternatives to avoid it. Use the template included in this kit or create your own for clarity.

## Step 5: Put up disclosure signage on your point-of-sale and point-of-entry

Ensure compliance with state disclosure guidelines for surcharging at both sale and entry points. Download the compliant surcharging posters included in this kit or create your own.

## Step 6: Itemize the dollar amount clearly on the customer's receipt or invoices

Make sure your receipts and invoices separately list the surcharge amount, as provided by your credit card processor.

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# DISCLOSURE GUIDES

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Merchants using surcharging must disclose added fees as surcharges. The disclosure should include the following:

- The surcharge is being imposed by the merchant.
- The surcharge is not greater than the applicable merchant discount rate at the merchant location.

Consumers must be given the opportunity to opt out of the sale or pay by other means before the surcharge is added to the sale. Additionally, in New York, merchants should display prices for both cash and credit card transactions.

## Point-of-entry disclosure

### ATTENTION

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We impose a surcharge on credit cards that is not greater than our cost of acceptance.

## Point-of-sale disclosure

### ATTENTION

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We impose a surcharge of \_\_\_\_\_% on the transaction amount on credit card products, which is not greater than our cost of acceptance. We **do not** surcharge debit cards.

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# EMAIL TEMPLATE FOR EMPLOYEES

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Dear Team,

To address rising processing costs and support our business's sustainability, we're introducing a surcharge on credit card transactions starting [Date]. This move is in response to higher usage and the financial impact of processing fees on our profits.

## Policy Overview:

- From [Date], a [X%] surcharge applies to all credit card transactions.
- Surcharges will be clearly communicated to customers at checkout, both verbally and via signage.
- Debit transactions are exempt.

## Your Role:

- Please familiarize yourself with this policy.
- Help customers understand the surcharge as needed.
- Ensure surcharge signs are visible at checkout.
- Handle any questions or concerns with professionalism.

We appreciate your support as we implement this change to secure our future. For questions, contact [Your Company Email].

Best,

[Your Name]

[Your Position]

[Your Company]

# EMAIL TEMPLATE FOR CUSTOMERS

Dear [Customer's Name],

To manage rising operational costs, particularly credit card processing fees that have increased with the growing preference for credit card payments, we will implement a surcharge on all credit card transactions starting [Date]. This decision helps us continue providing the excellent service and value you expect from us, without compromising on quality.

## Details of the Surcharge:

- **Effective Date:** [Date]
- **Surcharge Rate:** [X%] will be added to all transactions made using credit cards.
- **Transparency at Checkout:** We will ensure that this surcharge is communicated clearly at our point of sale. Signs will be placed prominently, and our team will be available to answer any questions you might have.
- **Debit Card Transactions:** To offer you a surcharge-free payment option, we remind you that debit card transactions will not be subject to this surcharge.

We're here to help with any questions at [Your Company Email]. Thank you for your understanding and continued support.

Best,  
[Your Name]  
[Your Title]  
[Your Company Name]



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