

Payment network surcharge rules

Updated December 2022

Overview

*As a result of an approved settlement with merchants, effective **October 6, 2022**, Visa and Mastercard modified their respective standards to permit Canadian merchants to surcharge Visa and Mastercard credit cards, under certain conditions and only as long as merchants meet the specific key requirements from each payment network. This document details the new surcharge rules and requirements and addresses the most common questions received from our customers.*

What is surcharging?

A surcharge is a fee that is added to a credit card transaction at checkout. This fee is voluntarily assessed to a cardholder by a merchant.

Is surcharging permitted across all payment types?

Visa and Mastercard permit merchant surcharges on **credit card transactions only**. **Merchant surcharges are not permitted on the networks' respective debit or prepaid card**

(inclusive of gift) **transactions**. Rules from other payment networks, including American Express, Discover, and UnionPay, also permit surcharging on credit transactions.

Do these adjustments to surcharging rules take precedence over local laws that may prohibit or restrict surcharging?

No. A Provincial and/or Federal law or regulation would supersede the payment network rules.

Are there any provinces where surcharging is not allowed?

Canadian businesses must continue to comply with applicable Provincial or Federal laws, including but not limited to Provincial laws that may prohibit or restrict surcharging of credit transactions, and Federal and Provincial laws regarding deceptive or misleading disclosures. For example, **due to consumer protection laws in the Province of Quebec, the option to surcharge is not currently available to Quebec-based businesses.**



SURCHARGING FAQs

Is surcharging permitted in both face-to-face and card-not-present environments?

Surcharging is permitted in one or both environments, and will be dependent on solution readiness.

If I would like to implement surcharging, what are the disclosure requirements?

Your business must clearly and prominently disclose any applicable credit card surcharge at **both the point of entry into the merchant outlet and the point of sale**. When conducting an e-commerce transaction, disclosure must appear on the first page that references credit card brands.

The disclosure at the point of sale/checkout must include all of the following:

- The exact amount or percentage of the surcharge
- A statement that the surcharge is being assessed by the merchant and is only applicable to credit transactions
- A statement that the surcharge the merchant imposes is not greater than the merchant's effective rate
- Inclusion of the surcharge amount on the customer receipt

I would like to implement surcharging for my business. What are my next steps?

In order to implement surcharging for your business, you must meet certain disclosure requirements, including advance notice to Global Payments, no less than thirty (30) days before the implementation of a surcharge. If you are interested in implementing surcharging capabilities for your business, please use our online request form—available at <https://go.globalpayments.com/en-ca/surcharge-request>. Your Global Payments account representative will review your request and contact you with additional information within 5–7 business days upon receipt of the surcharge request.

How do I register with Mastercard?

Global Payments will facilitate the required payment network registration. There is no action that you need to take directly with Mastercard.

What is the surcharge amount that I can charge?

You may apply a surcharge amount that does not exceed the lesser of the following:

1. the established maximum “surcharge cap” amount, of 2.4% for any transaction
or
2. the effective merchant discount rate (“EMDR” or “effective rate”) that the merchant pays for credit card acceptance (for existing

customers, the “effective rate” is displayed on their monthly statement)

Your Global Payments account representative will assist you in determining the appropriate surcharge amount for your business.

Are there limits on the level of the fee that my business can charge?

Yes. You may only assess a surcharge that does not exceed your effective rate. There is also an absolute maximum surcharge cap of 2.4%.

If my business already assesses a service fee, can I also apply a surcharge?

No. If you choose to surcharge credit transactions, you cannot also apply a service fee to these same credit transactions.

Is the surcharge amount required to be included in the return amount if a transaction that had a surcharge is returned?

The assessment of a surcharge on a credit refund transaction is prohibited. In the event of a refund, the surcharge amount must be credited back to the cardholder. For partial refunds, the surcharge must be credited on a pro-rated basis.

SURCHARGING FAQs

Is the surcharge amount included in the disputed amount of a transaction that has a surcharge applied if disputed?

With a disputed transaction, the purchase amount plus the surcharge should be credited to the cardholder. For partial chargebacks, the surcharge must be pro-rated.

Can my business choose which transactions to surcharge?

No. Once surcharging is implemented for a payment network, all credit transactions under that brand (i.e. Visa, Mastercard, AMEX, etc.) will be surcharged.

Will the cardholder be aware of the surcharge amount, and given the option to accept this?

Yes. The consumer must be prompted with the surcharge and amount. If they accept, the transaction will proceed. If they decline, the transaction will be canceled and they will need to select another payment method (i.e. Interac debit or cash).