



General Services Administration

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GSA SMARTPAY® SMART BULLETIN

**U.S. GENERAL SERVICES ADMINISTRATION
FEDERAL ACQUISITION SERVICE
SMART BULLETIN NO. 017**

Charge Card Brands VISA and MasterCard Permit Merchant Imposed Surcharges

EFFECTIVE DATE:

This Smart Bulletin becomes effective upon issuance and shall remain in force until modified or rescinded.

INTRODUCTION:

This bulletin addresses surcharges merchants may choose to impose for accepting credit cards and GSA SmartPay charge cards.

BUSINESS LINE(S) AFFECTED:

Purchase, Travel, Fleet, and Integrated

SUMMARY:

Surcharges are fees that a retailer chooses to add to the cost of a purchase when a customer uses a charge card or credit card product. As a result of the settlement between a class of retailers and brands on January 27, 2013, merchants in the United States and U.S. Territories will be permitted to impose a surcharge on cardholders when a charge card or credit card is used as a form of payment.

Please note that not all merchants will choose to impose a surcharge and the following States prohibit merchant surcharges:

- Colorado
- Connecticut
- Kansas
- Massachusetts
- Oklahoma

Cardholders receiving a surcharge in any of the above listed States should report the merchant to the proper State authority. Also note that Maine and New York require additional disclosures for merchants choosing to impose surcharges.

In accordance with brand rules, the following limitations apply to merchant imposed surcharges:

- The surcharge amount is limited to the specific and negotiated acceptance rate of a merchant and the networks; meaning that merchants are not allowed to profit from choosing to assess surcharges. For example, if a merchant's negotiated acceptance rate with VISA and MasterCard is 3%, the merchant is allowed to impose a surcharge of no more than 3% of the total transaction value. Please note that the total surcharge rate a merchant can impose cannot exceed 4% in any State.
- Merchants are prohibited from imposing different surcharge amounts for different networks. For example, a merchant cannot impose a 3% surcharge for a VISA or MasterCard network product and a 2% surcharge for a non-VISA or MasterCard network product. In this example, the merchant would only be able to add a surcharge of up to 2% for all charge cards and credit cards accepted.
- Merchants must post clear notice and signage of imposed surcharges, which includes brick and mortar locations and ecommerce portals.
- All surcharges must be documented as a separate transaction line item in receipts.

For more information, please refer to VISA and MasterCard policy at:

<https://www.mastercard.us/en-us/merchants/get-support/merchant-surcharge-rules.html>

<https://usa.visa.com/dam/VCOM/download/merchants/surcharging-faq-by-merchants.pdf>

ACTION:

A/OPCs should ensure cardholders and other charge card management personnel are aware of the possibility of surcharges when making purchases using GSA SmartPay charge cards. If a merchant is imposing a surcharge, the cardholder may choose to consider another merchant that offers the same or similar item(s) to avoid paying the surcharge.

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If you have any questions or comments regarding this Smart Bulletin, please contact the Center for Charge Card Management at 703-605-2808 or at gsa_smartpay@gsa.gov.

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