



General Services Administration

Updated January 10, 2023

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This Smart Bulletin becomes effective upon issuance and shall remain in force until modified or rescinded.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 each state may have its own policy regarding surcharge allowability.

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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