



## Changes for Merchants who choose to apply a surcharge on card transactions

The Payment Card Networks have made changes to their rules to allow Merchants in Canada the ability to apply a surcharge on card transactions. TD Merchant Solutions (TDMS) and Merchants are required to make changes to adhere to these new requirements. This document will help you understand what is required.

For more information on credit card surcharging, please see the following Q&A and/or the [Government of Canada website](#).

### **What is a surcharge?**

A surcharge is a fee that a Merchant may add to a transaction when a cardholder pays with a card.

### **When can a surcharge be applied?**

Merchants have the option of adding a surcharge to a card transaction (except in Quebec), provided that the surcharge is applied in accordance with Payment Card Network Rules.

### **Do I need to notify TD Merchant Solutions or the Payment Card Networks prior to applying a surcharge?**

Yes, a Merchant must notify TDMS of their intent to apply surcharges. Please reach out to your TDMS sales representative or contact us at 1-800-363-1163.

Note: Merchants who accept Mastercard credit cards and intend to apply a surcharge must also register on the Mastercard website: <http://www.mastercard.ca/surchargedisclosure>

### **What types of cards can a surcharge be applied to?**

Surcharges may only be applied to credit card and Interac debit card transactions. Further, a Merchant must not apply a surcharge on Visa Debit, Mastercard Debit, or prepaid products issued by a Payment Card Network.

### **What kind of transactions can a surcharge be applied to?**

A Merchant may apply a surcharge in-store (card present) or online (card-not-present), or both.

### **Can Merchants choose which credit card transactions have a surcharge applied?**

No, if a Merchant chooses to apply a surcharge, it will apply to all credit card transactions.

### **What is the maximum credit card surcharge amount allowed under PCN rules?**

This amount must be the lesser of the "Effective Merchant Discount Rate" or a maximum of 2.4%. Merchants can find the Effective Merchant Discount Rate on their TDMS monthly statement. For further details on how to read this statement, please visit the [Statement Reader Guide Page](#).

### **What solutions can apply a surcharge?**

Please reach out to your TDMS sales representative or contact us at 1-800-363-1163 for details about compatible solutions.

**Does my solution require any changes?**

Yes, whether you process transactions in-store (card present) or online (card-not-present), your solution will need to capture the amount of the surcharge and pass that information to TDMS. One of the surcharging rules is that the surcharge amount is included in each transaction when it is sent to the Payment Card Networks for processing.

The amount will also need to appear on the transaction receipt.

**What if a Merchant already applies a convenience fee or a service fee?**

Payment Card Network rules do not allow surcharging if a convenience fee or service fee is also applied.

**What kind of notice do Merchants need to provide customers that a surcharge will be applied?**

Merchants must clearly disclose that they will be applying a surcharge to card transactions, including the exact amount or percentage of the surcharge. Disclosure of the surcharge to card transactions must take place at the point of entry (either in physical store premises or online via app, website etc.), point of transaction (on the device or checkout page etc.) and on the transaction receipt.

**How are refunds impacted when a surcharge was applied on the original purchase?**

A surcharge cannot be applied to a refund transaction.

For full refunds: The surcharge amount must be credited to the Cardholder if a purchase is refunded.

For partial refunds: The surcharge must be credited on a pro-rated basis.

**How do I apply a surcharge for Interac Debit services?**

Contact TD Merchant Solutions at 1-800-363-1163 and we will help you get set up, including the configuration of your point-of-sale device. Please note Merchants are not permitted to manually apply a surcharge to any cardholder for the use of the Interac Debit service (i.e., add a fee to the transaction amount); it must be processed through the point-of-sale terminal.

**When can I apply a surcharge to Interac Debit Card transactions?**

A surcharge to an Interac Debit card transaction can only be applied when the device/solution is configured to prompt the cardholder.

**What is the maximum I can surcharge on Interac Debit Card transactions?**

The surcharge fee for Interac Debit card transactions is capped at \$0.25.

**What are the rules around disclosures related to Interac Debit Card transactions?**

The surcharge fee must be printed on the transaction record. The surcharge fee must be properly disclosed to the customer prior to the completion of the transaction, and the customer must be provided with the option of cancelling the transaction without cost if they do not wish to pay the surcharge.

**Can I apply the Interac Debit Surcharge?**

Merchants may not directly apply a surcharge to any cardholder for the use of the Interac Debit Service. You must charge the surcharge as part of the card payment transaction using your payment device/solution, and must not directly apply a surcharge to a cardholder.

**How do I notify customers of the Interact Debit Surcharge?**

If your POS device provided by TD Merchant Solutions allows for Interac surcharges to be applied, then you must either:

1) physically affix to the PIN Pad a notice that is: i) at least 3" wide by 1.5" tall, unless incompatible with the size of the PIN Pad; ii) set in a font size large enough to fill the entire area of the sign; iii) contain the following:

- a heading containing the words "Fee Notice" in English or "Avis de frais" in French;
- a notice that the operator of the INTERAC Debit Terminal charges a surcharge for INTERAC Debit Transactions; and
- an explanation that the surcharge is in addition to any fees that may be imposed by the Issuer;
- and iv) not contain the INTERAC Logo.

OR

2) If this additional notice is not physically affixed to the PIN Pad device, the notice must:

- be at least 4" wide by 3" tall;
- be set in a font size large enough to fill the entire area of the sign;
- contain the following:

- i) a heading containing the words "Fee Notice" in English or "Avis de frais" in French;
- ii) a notice that the operator of the INTERAC Debit Terminal charges a surcharge for INTERAC Debit Transactions; and
- iii) an explanation that the surcharge is in addition to any fees that may be imposed by the Issuer; and
- iv) not contain the INTERAC Logo.

The following are examples of notices in English and French are deemed by Interac to meet these requirements:

English:

Fee Notice

The operator of this Terminal charges a fee for INTERAC Debit Transactions. This fee is in addition to any fees that your financial institution may charge.

French:

Avis de frais

L'exploitant de ce Terminal impose des frais pour Transactions faites par le Débit INTERAC. Ces frais s'ajoutent à ceux que peut vous demander votre établissement financier