



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

The Payment Card Networks have made changes to their rules to allow Merchants in Canada the ability to apply a surcharge on credit 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.

These revised rules permitting surcharging became effective October 6, 2022.

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 by credit card.

## When can a surcharge be applied?

Merchants have the option of adding a surcharge to a credit 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: [www.mastercard.ca/surchargedisclosure](http://www.mastercard.ca/surchargedisclosure)

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

Surcharges may only be applied to credit 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 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 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?**

A surcharge will not be allowed 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 credit card transactions, including the exact amount or percentage of the surcharge. Disclosure of the surcharge to credit 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.