



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

The Payment Card Networks (PCNs) 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 will become effective on October 6, 2022.

TD Merchant Solutions is currently developing compliant credit card surcharging solutions to meet the new standards, and this Notices page will be updated as these solutions become available.

For more information on Credit Card Surcharging, please see the following Frequently Asked Questions.

## **What is a surcharge?**

A surcharge is an additional fee that a Merchant may choose to apply to a Credit Card transaction.

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

Yes, a Merchant must notify TD Merchant Solutions and provide their contact information, at least 30 days prior to starting to apply surcharges by emailing [tdmscode@td.com](mailto:tdmscode@td.com).

Merchants who accept Mastercard credit cards 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 on?**

Surcharges may only be applied on 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.

## **Can a surcharge be applied to in-store purchases or online purchases?**

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

## **What is the maximum surcharge amount allowed under the PCNs' rules?**

This amount must be the lesser of the Effective Merchant Discount Rate or a maximum of 2.4%. Merchants can find this 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](#).

## **Does my Point-of-Sale 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 TD Merchant Solutions. One of the key new elements of the 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?**

PCN rules permit certain industries and types of businesses to charge convenience fees or service fees. The 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 disclose that they will be applying a surcharge to credit card transactions at the point-of-entry (either in physical store premises or online via app, website etc.). Merchants must disclose the dollar amount or the percentage of the surcharge at the point-of-interaction (on the device, checkout page, etc.). Finally, Merchants must print the dollar amount of the surcharge on the transaction receipt.

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

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

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

**Important Note:** An additional surcharge cannot be applied to a refund transaction.