

There is much confusion and misinformation regarding **cash discount** and **surcharge programs**. Let's dispel the myths.

## What's the difference?

### Surcharge

A fee applied to a published price when paying with a card.

Published prices are the price paid with cash.



### Cash Discount

A discount on a published price when paying in cash.

Published prices are the price paid with a card.

## What's the problem?

Merchants believe that by adding a service fee to all card transactions, they are offering a "cash discount program." However, these transactions are not excluded from Visa surcharge rules simply because the merchant declared that a service fee is added to all transactions and a discount is applied for cash sales. **Adding any fee to a displayed price is a surcharge.**

While it may sound like a minor difference, it's actually very important in terms of legality and compliance with card brand rules.

### When can an additional fee be added to published prices?

The ability to surcharge only applies to credit card purchases, and only under certain conditions. Surcharges cannot be applied to PIN-capable debit cards, even if the PIN is not being used for the transaction.



## Simple Rules

Merchants can participate in a compliant surcharge program, but there are some rules and regulations to keep in mind.

- Merchants must register with credit card brands before implementing a surcharge
- Surcharge can only be applied to credit cards – debit cards, gift cards and prepaid cards are excluded
- Surcharge should not exceed the merchant cost of acceptance, capped at 4%
- Signage must disclose the surcharge at the point of entry and acceptance
- Some states do not allow surcharge

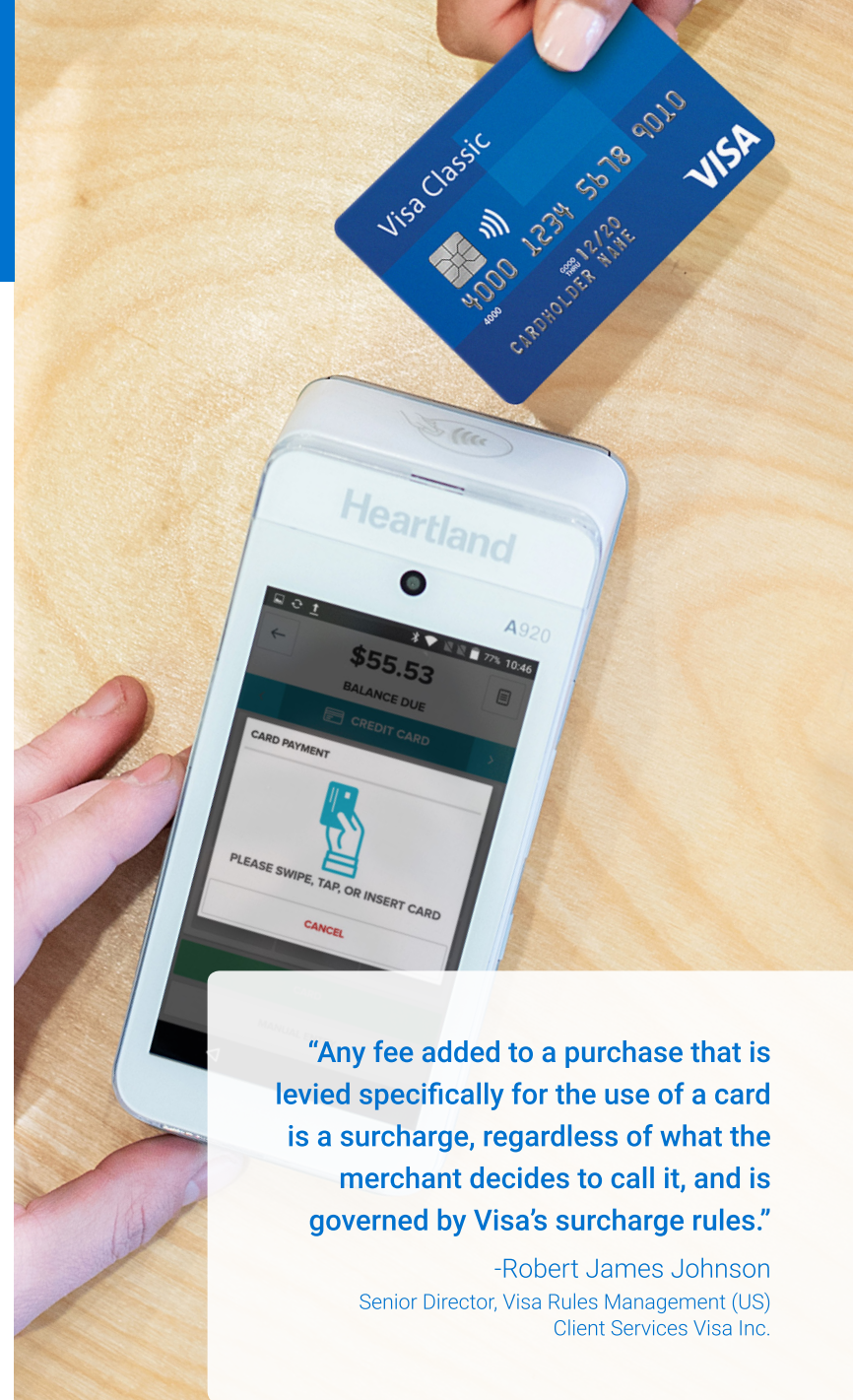


## Surcharge Solution

Heartland's compliant credit surcharge program is available to clients in any state where permitted by law.\*

- Automates the addition of surcharge at checkout when appropriate
- Complies with card brand rules – applying surcharge to regular posted price
- Deposits sales proceeds and surcharge revenue the next day

\*As of early 2021, only Colorado, Connecticut, Kansas, Massachusetts, Oklahoma, and Puerto Rico continue to prohibit surcharging. Note that surcharging laws have been overturned by court decisions in several other states but are still on the books.



Kyle Holleschau  
kyle.holleschau@e-hps.com  
(405) 266-7772



Heartland