

Revised Surcharge Program FAQ

Details on our flexible Surcharge program



What is Credit Card Surcharge?

It is Elavon's pricing program that helps offset the transaction costs of credit card acceptance for businesses.

Cardholders are asked to pay a surcharge amount during a credit card transaction. The payment system, whether it is a device or online, will clearly display the transaction total with the surcharge amount listed as a separate line item. The receipt provided to the cardholder will also show the surcharge fee broken out as a separate charge on the transaction.

What card brands can a business accept with Credit Card Surcharge?

All the major credit card brands, which includes Visa, Mastercard, American Express, and Discover. Additionally, the business will be able to accept all U.S. issued debit cards, but no surcharge is applied to debit card transactions. EBT is also supported and will be accepted under debit card per transaction rates. Surcharge will not be applied to EBT payments. The business will be responsible for the transaction costs.

What changes occurred to the Elavon Credit Card Surcharge Program last year?

Effective **April 15, 2023**, changes to U.S. Card Brand requirements took effect, reducing the cap on Credit Card Surcharge transactions to 3%. As a result, Elavon made this change for net new users to remain compliant.

How did these pricing changes impact existing Elavon acquiring Merchants who offer Credit Card Surcharge?

Review the below changes:

- Existing merchants that were offering Credit Card Surcharge Programs at 3.5% or 4% were notified, and received a terminal update to lower the cardholder surcharge cap to 3%.
- Elavon did not change the Merchants' Credit Card Surcharge Program pricing, which remained at 3.5% or 4%.
- These Merchants were required to cover some of the non-surcharge acceptance costs for this service going forward (difference between the 3% cap and their selected pricing plan of 3.5% or 4%).

What are the details of the flexible Credit Card Surcharge Program?

New merchants can be boarded at a variety of pricing plan levels. These are: **3.0%, 3.25%, 3.50%, 3.75% and 4.0%**. The merchant can determine what percentage of the total surcharge amount they want to pass on to the cardholder (in the form of a surcharge, capped at 3%), with the balance being paid by the merchant themselves. *Please consult your Price Guide for details.*

How will this new flexible cost be assessed for Elavon acquiring Merchants who opt into a Credit Card Surcharge plan?

The merchant can select between 1.0 – 3.0% (in 0.25% intervals) that will be covered by the surcharge to the cardholder. The balance would be paid by the merchant. Meaning, if the merchant is on a 3.0% plan, and selects 2.0% as the cardholder surcharge, the remaining 1.0% (for a total of 3.0%) would be paid by the merchant.

How will this change present on a Merchant's monthly billing statement?

- Elavon-managed:** The statement view is the same. The statement will display the full discount rate the merchant is billed. In the Rebate section they will still get their surcharge credit, which is netted off their overall bill.
- Merchant-managed:** The statement view is the same. The statement will display the full discount rate the merchant is billed. As per the merchant-managed program, the Merchant will receive their collected surcharge amount from the cardholder in their settled batches.

Is there a charge to Debit Pricing?

Yes, there are 3 new tiers of Debit Pricing available:

Regulated Debit (0.85% +\$0.25)

Unregulated Debit (1.75% +\$0.20)

Unregulated Commercial Debit (2.75% +\$0.20)

Please consult your Price Guide for details.

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Will there be additional costs and expenses to Merchants who do not adhere to card brand rules?

Yes. Card brands may impose fines, fees or additional assessments on acquirers or merchants that do not demonstrate compliance.

Is Credit Card Surcharge only available for card present transactions?

No. Credit Card Surcharge is supported in both card present and card not present environments.

What standalone (Class A) payment terminals support Credit Card Surcharge?

The newest Ingenico Tetra terminals: Desk 3500, Desk 5000, and Move 5000.

What payment terminals are supported with Credit Card Surcharge on Converge?

Currently the iPP320, iSC250 and Link2500 payment terminals support Credit Card Surcharge in a Converge POS/MOTO environment.

What payment terminals are supported with Credit Card Surcharge on talech?

- Link 2500, Moby 5500, Lane 3000
- Supported on all talech SaaS plans (Mobile, Terminal, Starter, Standard and Premium)
- Also supported with talech Invoicing and talech Online Ordering

Can a business add Converge Billing and Invoicing to do ACH/eCheck invoicing on an existing account/MID that has Converge Credit Card Surcharge and ACH/eCheck?

Surcharging on ACH Transactions is not supported. However, a merchant can still use Converge Billing and Invoicing for ACH transactions and credit card transactions, but only credit card transactions will be surcharged.

Can a business have one account/MID for use with Converge Billing and Invoicing with ACH/eCheck (no Credit Card Surcharge) and then have a separate account/MID for Converge Credit Card Surcharge?

A business could have two separate accounts/MIDs in this instance since they are different payment environments. A business would need one account/MID for Billing and Invoicing and another for Credit Card Surcharge.

Can the API support Credit Card Surcharge and ACH/eCheck transactions?

The Converge API methods that support Credit Card Surcharge are Hosted Payment Page, Buy Button, Checkout.js, and ProcessXML. We do not offer a solution that supports surcharge for ACH transactions at this time.

Are there any restrictions on the use of Credit Card Surcharge?*

The following restrictions apply to Credit Card Surcharge:

- Is prohibited in these states: Connecticut, Maine, Massachusetts, New York & Oklahoma.
- Not supported in Puerto Rico
- Not supported with Converge Mobile and ACH
- Credit card surcharge applies to credit card only, not available on debit cards.
- Cannot be offered to a single account that has a mix of terminals of which some are not able to surcharge. A business must surcharge on all terminals at the account/MID level, or not surcharge at all.
- Disclosures must be posted as indicated depending on the payment environment, no exceptions
- Acquirer monthly minimums apply to Credit Card Surcharge, however there are no specific Credit Card Surcharge minimums to qualify for the Credit Card Surcharge pricing.
- Credit Card Surcharge does not work with Level III on Converge. Merchants must choose one or the other feature on their account, but they cannot both be enabled.

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Can a business surcharge at one physical location and not another?

Yes, a business with different physical locations, each with its own account/MID, may choose at which locations to surcharge. This is also true for businesses with sites in different states, some of which may not allow surcharge on a transaction. A business may choose to surcharge at a site in a state that allows surcharging while not surcharging at a site that is located in a state where it is unlawful to collect a credit card surcharge.

Can a business surcharge through an eCommerce site?

Yes, a business can surcharge card not present transactions through our Converge eCommerce/API platform. Credit Card Surcharge is currently supported by our Hosted Payment page, Buy Button Virtual Terminal, XML API, Checkout.js and talech Online Ordering offerings.

Can a business surcharge some areas or functions of my eCommerce site, but not others?

The rules for standalone terminals under a single account/MID still apply. A business must either surcharge or not surcharge transactions conducted under a single account/MID regardless of what is being paid for, where the person is coming from, or what card brand the cardholder presents.

Can a business surcharge a MOTO transaction?

Yes, however a business should consult with their legal or compliance counsel on the disclosure language required to remain compliant with all state laws on surcharging. Additionally, consult Card Brand rules and guidelines on best practices and requirements for MOTO surcharging. If a business chooses to use the Converge Virtual Terminal, legal and compliance language is provided to the business since they are required to follow the process prescribed by the solution.

What should a business do if it is a mobile business that travels between states where surcharge is allowed in one but not another?

A business will need to have an alternative to surcharge when in states where surcharging is not allowed. This can be done through either a second account/MID, or by transitioning the primary account/MID to a different pricing program for the duration of a visit to a non-surcharging state.

Can a business surcharge if they are located in a restricted location but the cardholder is in a state where surcharge is not restricted?

We always recommend that a business contact their own legal and compliance counsel who can advise them on cross-state commerce and surcharging compliance. We are not a businesses' legal counsel. Based on our understanding, this makes sense, as a cardholder visiting another state is held to that state's laws and regulations, not the regulations of cardholder's home state. For card present transactions this makes a lot of sense, as a cardholder visiting another state is held to that state's rule, not the laws or regulations of the cardholders' home state. However, this kind of distinction is harder to define for businesses with eCommerce traffic. There may be legal and regulatory rules to consider when using surcharge in various eCommerce scenarios.

For eCommerce with surcharging: Please consult with legal and compliance counsel about the rules of surcharging when conducting business online. We're not legal counsel for our merchant's customers and cannot best advise on laws particular to a state, locality, or transaction traffic.

Can a business choose to charge different surcharges for different cards?

No, every credit card transaction authorized at a Credit Card Surcharge enabled business will be surcharged at the same set rate.

Can a business choose to only accept credit cards, or not offer the cardholder a choice to use a debit card?

No, at this time a business must be setup with credit and debit card acceptance. There are card brand programs that allow for a business to choose to accept debit-only or credit-only, but we are not supporting that option at this time with Credit Card Surcharge. If a business wishes to decline debit cards, we recommend consulting your legal or compliance counsel first as that action may be unlawful in some areas.

Will cardholders still receive reward benefits from credit card companies if the card is surcharged?

Yes, cardholders will still receive points on their credit cards. A surcharge transaction does not impact credit card reward benefits.

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What if a business has several accounts/MIDs at the same address? Can one account/MID surcharge and not the rest?

Yes, in a situation where a single address has several MIDs, each with a separate and distinct line of business, each account/MID may make a choice to surcharge or not. An example of this would be a gift store inside a hospital. The gift store can choose to surcharge while the hospital does not. This is also true for multi-MID scenarios where there is one device loaded with several accounts/MIDs supporting separate and distinct lines of business, such as in the case of hairdressers. Each account/MID may elect to use surcharge or not. However, the spirit of the rule of non-discrimination in surcharge must still be followed. A business cannot set-up one account/MID that does surcharge and one that does not for the sole purpose of surcharging some cards and not other cards.

Why is a Mastercard Business Debit card being surcharged?

Mastercard Business Debit cards are classified as a credit product by Mastercard. While this nomenclature versus classification can be misleading, our systems are able to accurately recognize a card's eligibility for surcharge using the BIN range and comparing it to the classifications issued by the card brands. While a Business Debit card may have a PIN, it is still classified as a credit card because it draws funds from a credit line, and will be surcharged as a result. In cases such as this, the credit card is configured with PIN authorization, which most card issuers in Europe and Canada already do, credit with PIN authorization. Debit Optimization has made PIN prompting the recommended path for debit card authorization, and debit cards cannot be surcharged, regardless of whether a PIN is entered or not. In contrast to that, credit cards will always be surcharged regardless of whether a PIN is entered or not.

How does this program work with Debit Optimization?

When a debit card is presented at a Credit Card Surcharge-enabled terminal, the terminal will prompt for PIN entry and direct a cardholder to use their PIN to authorize the transaction. The cardholder has the option to PIN bypass. Credit Card Surcharge does not add a surcharge fee to a debit (signature or PIN) transaction. There is also verification logic that is applied through the authorization process for keyed and swiped transactions. Credit Card Surcharge does not change the functionality of Debit Optimization on Tetra terminals. Please refer to Debit Optimization documentation for more details on the program. Converge uses a different technical design to identify debit cards. Debit Optimization is not supported on Converge at this time.

Does Credit Card Surcharge work with tip functionality on the Tetra devices?

Yes, the cost of the transaction with tip will vary based on the tip capture model:

- **Tip entered at time of sale:** the surcharge is applied to the total transaction including tip. The surcharge fees applies to the full payment amount (sale, tax and tip)
- **Tip adjust after card payment accepted:** the surcharge is applied to the sale and tax amount only. The business is responsible for the processing costs of the tip. This means that the business will pay the surcharged percentage applied to the tip portion only.

What additional services is Credit Card Surcharge compatible with on the Tetra devices?

This is not a holistic list. For specific inquiries not covered here, please contact your Sales Support Manager.

- Safe-T
- Debit Optimization
- Gift Card
- Dynamic Currency Conversion

Are there additional fees for processing?

All standard fees and compliance fees still apply. For instance, PCI DSS program fees will still be charged, and all additional services are still at a-la-carte pricing. Assessments will be turned off so that the processing rates are the pass-through surcharge fees for credit card transactions, and various fees (see pricing plan) debit card transactions.

What do the card brands require for a business to be compliant with their surcharge rules?

Currently, Mastercard requires a 30-day notification of a businesses' intent to surcharge. It is an easy online form that the business fills out once they decide to surcharge. We also ask that Elavon be provided the same 30-day advance notice of intent to surcharge as we deploy the terminals. We deploy the terminal when the boarding application is complete. Card brands also require a business to post notices to cardholders of the businesses' surcharge program.

We provide a set of stickers with each Credit Card Surcharge deployment, one sticker for the point-of-entry and one for point-of-sale, which are compliant with card brand language requirements.

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Please note that businesses who use an email address with a general domain name such as yahoo, Hotmail, Gmail, etc., will not be able to do so successfully when notifying Mastercard. Businesses without a business-specific domain should email Mastercard directly with the answers requested in the registration form. The email address is: Registration_Merchant_Surcharge@Mastercard.com

How are the surcharge fees collected?

A business can choose whether they want to manage collecting and passing through the surcharge fee at the end of the billing period, or to just have the surcharge fees taken out before funds are pushed to their account after each batch.

- **Merchant Managed:** The surcharge fees a business collects will be funded to their DDA as part of their funding file for a batched submission. At the end of the billing period, they will see a debit against their account for total surcharge fees collected, and were funded for, over the course of the billing cycle.
- **Elavon Managed:** The processor removes the surcharge fees a business collected prior to sending the funding file to their DDA. No debit of the surcharge fees will appear on their account at the end of the period.

How is this different than Daily Discount?

Daily Discount takes all of that day's transaction fees out of the funding payment before it is sent to a DDA. This includes all credit and debit cards acceptance costs, instead of just the surcharge fees like under the acquirer managed program. It is possible to have daily discount and one of the fee management programs.

Will the surcharge amount be reflected in the batch file or Payments Insider report section?

No, under the Merchant Managed surcharge program the surcharge amount will not be shown in a separate line item. Only the full transaction amount will be reflected in the report. So if a business has a \$100 transaction, and charges \$3.00 for surcharge, the statement will reflect a \$103 transaction in the report. The funding file will also reflect a fund of \$103. If a business is setup on daily discount or on our surcharge program, then the statement and funding file will reflect only the \$100 base transaction value.

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*Currently Credit Card Surcharge is not supported in Connecticut, Maine, Massachusetts, New York and Oklahoma or Puerto Rico. Although we offer surcharging in most states, Merchants are responsible for determining the legality of surcharging in their states, and merchants are liable if their activities are found to be unlawful.

Credit Card Surcharge applies to credit card only, not available on debit cards.

Can a business switch between the two managed plans?

Yes. A business can switch from the Merchant Managed to the Elavon Managed and vice versa if desired. However, the requested change will take effect on their next billing cycle. (changes made less than 3 days before the end of a billing cycle may result in the change being delayed an additional billing cycle).

Can a business change their surcharge rate?

Yes. A business could change the surcharge percentage the cardholder pays. A new terminal file will need to be created and downloaded when ready.