

Terms of Reference

Surcharge Fee - is a fee assessed to a cardholder by a merchant that is added to a credit card transaction for the acceptance of a credit card at checkout. The amount of the surcharge:

- cannot be higher than the actual cost to the merchant for accepting the credit card;
- cannot be higher than 2.4% in total; and
- cannot be added in addition to a service or convenience fee.

The surcharge fee must be properly disclosed to the consumer and must be shown as a separate amount on the receipt. Surcharge fees are considered a source of revenue and are subject to GST/HST tax.

A fee that is in whole, or in part, consideration for some other service (such as a web or telephone service) or for the use of property (such as an online payment platform), is not a surcharge.

Service Fee – In accordance with Visa rules, is a fee assessed to a cardholder who uses a credit card to pay for goods and services in a permitted merchant category and channel. Only applicable for card not present transactions (ie. online payments, mail and by phone) for specific merchant categories.

Convenience Fee – In accordance with Visa rules, is a fee charged by a merchant for a bona fide convenience to the cardholder (for example: an alternative channel outside the merchant's customary payment channel) that is not charged solely for the acceptance of a credit card. Note: Convenience fees are not permitted in Canada.

Administrative Fee - is a fee unrelated to the cost recovery of accepting payments and added to a transaction regardless of the method of payment. There is no limit to this fee as it is not related to the cost of accepting payments.

Payment Processor - is a company or service that facilitates electronic transactions, such as payments made with credit cards, debit cards or digital wallets – between businesses and their customers. For example, Moneris, Card Connect and Stripe.