

SURCHARGE

USER GUIDE

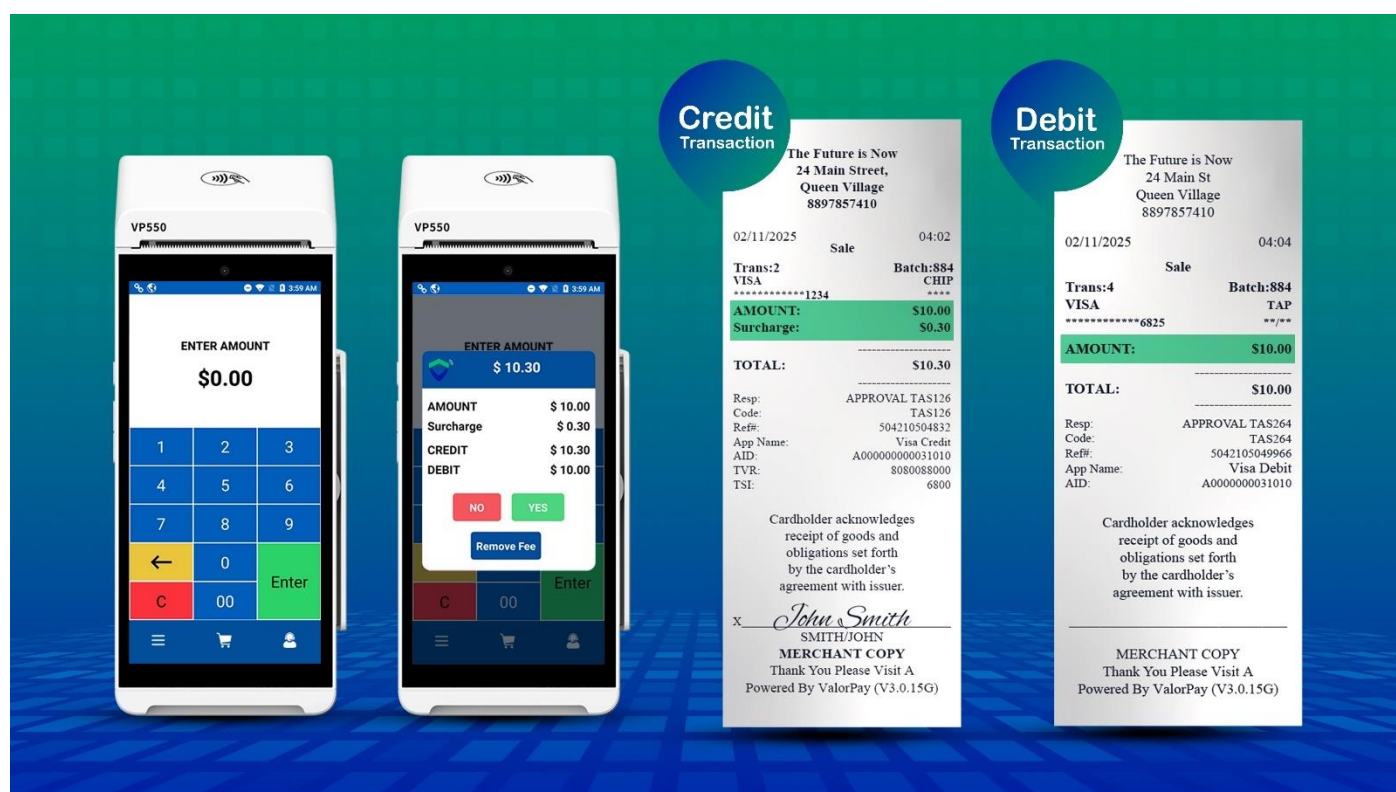


VALOR
PAYTECH

What is a Surcharge?

A surcharge is an additional fee that merchants apply to transactions when customers choose to pay with a credit card. This fee helps offset credit card processing costs, which can be a significant expense for businesses.

A surcharge is usually a percentage of the total transaction amount and must be clearly disclosed to the customer before completing the purchase. While surcharging is legal in most U.S. states, merchants must follow the regulations set by major credit card networks and the necessary certification to ensure compliance. When implemented correctly, surcharges help merchants recover processing costs, but transparency is crucial to maintaining customer trust.



How does a Surcharge work?

When a customer pays with a credit card, the merchant adds a surcharge to the total amount. This fee typically ranges from 1% to 4%, depending on credit card network policies. Here's how a surcharge works:

- **Applied at Checkout** – The surcharge is added to the total bill and displayed as a separate line item on the receipt or invoice for transparency.

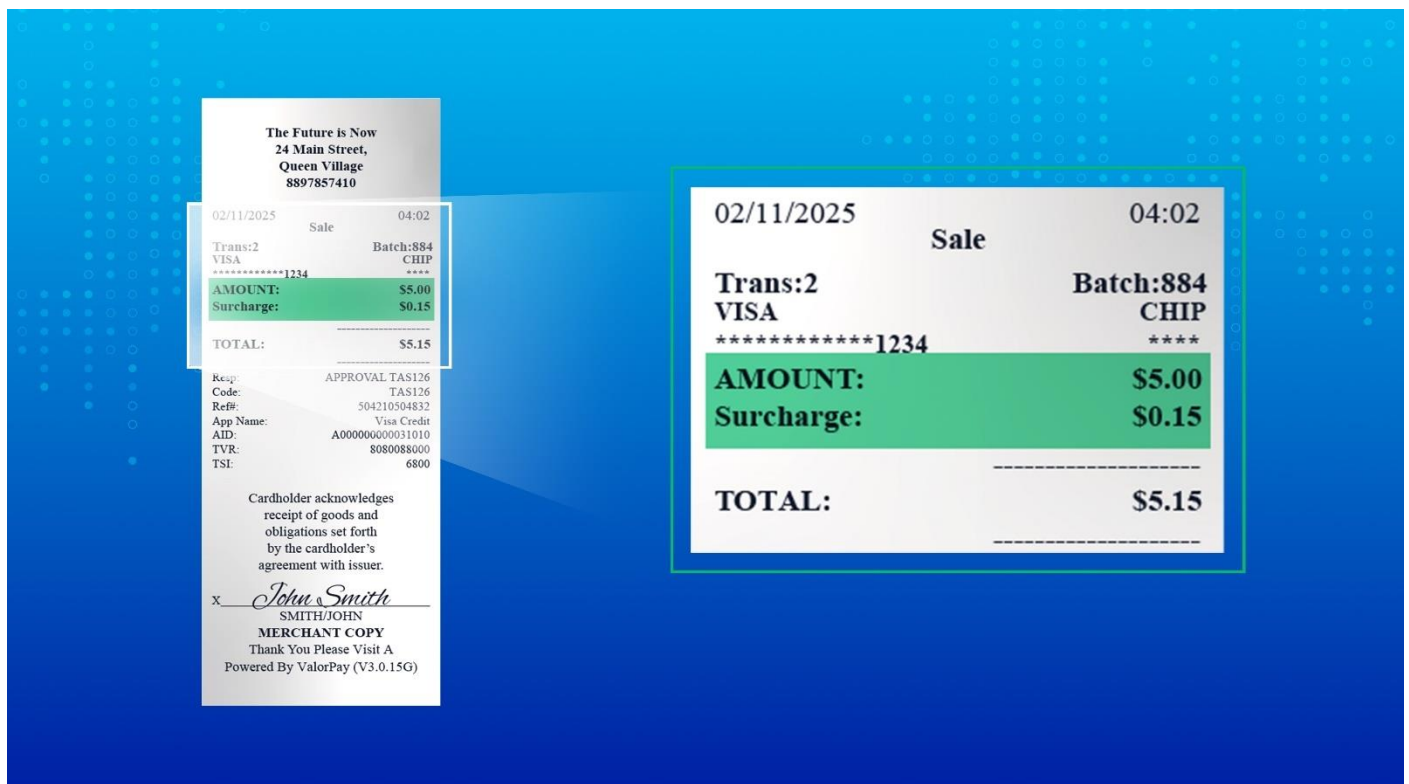
- **Covers Processing Costs** – Merchants use surcharges to offset the fees incurred from credit card transactions.
- **Regulated by Laws** – There are some states where surcharge is not allowed as per law but one thing that merchants must remember is that they can surcharge credit card transactions only in the applicable states.

Example

Imagine a customer visiting a coffee shop and ordering a latte priced at \$5.00. If they choose to pay with a credit card, the shop incurs a 3% processing fee. Instead of absorbing the fee, the shop applies a 3% surcharge to the transaction.

Breakdown of the Transaction:

- **Latte Price:** \$5.00
- **Credit Card Surcharge** (3% of \$5.00): \$0.15
- **Total Amount Charged:** \$5.15



By implementing a surcharge, the merchant recoups the processing cost instead of absorbing it. However, it's important to ensure customers are aware of the surcharge before they complete the transaction.



THANK YOU



2 Jericho Plaza, Suite 304

Jericho, NY 11753, United States

valorpaytech.com

This document is protected by U.S. and International copyright laws.
Reproduction and/or distribution of the contents of this publication without
the express written consent of the owner is prohibited.



**Scan the QR Code to Access
Our Knowledge Base Articles**