



An Extended Guide · No. 1905

Surcharges and Cash Discounts — The Rules Before You Add a Fee

Passing card fees to customers, done by the
book — credit only, capped, and clearly posted

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! Read this before you add a single fee

Passing your card fee on to customers is allowed in a lot of places, Ohio included — but only if you follow the card-network rules to the letter. Get it wrong and you can lose your ability to take cards at all. This guide walks you through the rules in plain English so you can decide with your eyes open.

Thinking about adding a surcharge? Let's do it right

Card fees add up, and more owners are asking whether they can pass that cost to the customer. You often can — but there's a real rulebook behind it, and this guide is your plain-English tour of it.

I'm Bill, and I run Bill's Home Tech here in Portage County, Ohio. For 30-plus years I've helped folks get comfortable with their technology, and lately that means helping small shops, salons, and market vendors set up how they take payments without stepping on a rake.

I run my own little business on Square, so I know these systems from the inside — but I sell no payment processing and earn no commission from anyone. My job here is honest advice. And an honest first word: I'm a tech helper, not an attorney. For the legal fine points, I'll point you to your processor and your attorney.

★ You don't have to add a fee at all

Plenty of owners look at the rules and decide to just build the cost into their prices instead. That's a perfectly good choice. A surcharge is a tool, not a requirement — let's make sure you know how it works before you pick.

The whole guide, on one page

If you remember only these things, you already understand the heart of surcharging. (Rules and caps as of late 2026 — confirm current.)

- ❑ A surcharge is an extra fee you add to CREDIT card payments to cover your cost of accepting them.
- ❑ You may NOT surcharge debit or prepaid cards — only credit. This one trips people up constantly.
- ❑ Visa caps the surcharge at 3%, and it may NEVER exceed your actual cost of acceptance, whichever is lower.
- ❑ You must give 30 days' written notice to the card brands and your acquirer BEFORE you start.
- ❑ You must post clear notice at the entrance and at the register, and show the surcharge as its own line on the receipt.
- ❑ Ohio does not prohibit credit-card surcharging; a few other states do. A cash discount is a different, separate model.

✓ One rule to hold onto

Credit only, never debit; cap it at your real cost; tell the networks first; and post it where people can see. Miss any one of those and you're out of bounds, so treat them as a set, not a menu.

What a surcharge actually is

Let's define the thing plainly before we get into the rules, because the word gets used loosely and that's where trouble starts.

A surcharge is an extra fee you add on top of the price when a customer pays with a **credit card**. It exists to cover the processing fee you pay to accept that card. If a sale is \$100 and you add a 3% surcharge, the customer pays \$103 and that extra \$3 helps offset your fee.

The key word is **credit**. A surcharge applies only to credit-card payments. It does not apply to debit cards, to prepaid cards, to cash, or to a check. We'll come back to that, because surcharging a debit card is one of the fastest ways to get yourself in trouble.

A surcharge is also not the same thing as a **cash discount**, even though owners use the terms as if they were. They're two different models with different rules, and we give cash discounts their own page later on.

✓ Know your real cost first

Before you think about a surcharge, know what you actually pay to accept cards — the rate plus the fees under it. Our guide on what card processing really costs walks you through finding that number. You can't cap a fee at your cost if you don't know your cost.

The card-network rulebook

Visa, Mastercard, and the other networks set the rules for surcharging, and your processor has to follow them. These are the big ones.

Credit only — never debit or prepaid

You may surcharge credit-card transactions only. Debit cards and prepaid cards are off-limits, even when the customer runs a debit card as 'credit' at the terminal. Your system has to tell the difference, which is why you set this up through your processor rather than by hand.

A hard cap on the amount

As of late 2026, Visa caps a surcharge at 3%. On top of that, the surcharge may never exceed your actual cost of accepting that card — so if your real cost is 2.6%, you may surcharge 2.6%, not 3%. You take the lower of the two. Confirm the current cap with your processor before you set a number.

Tell them before you start

You must give 30 days' written notice to the card brands and to your acquirer (your processor's bank) before you begin surcharging. This isn't optional paperwork — it's part of the rules, and your processor will help you do it.

! Debit is the line you cannot cross

If you take one thing from this guide, let it be this: never surcharge a debit or prepaid card. It violates the network rules, and the penalties can run from fines to losing your card acceptance entirely. When in doubt, don't.

The notices you have to post

A big part of the rulebook is simply telling people. A surprise fee isn't allowed — the customer has to know before they pay.

You must post a clear notice at two places: at the **entrance** to your business and at the **point of sale** — the register or counter where the customer pays. The notice tells customers that a surcharge applies to credit-card payments and how much it is.

Then the surcharge has to appear as its own **separate line** on the receipt — not folded into the total, not hidden in the tax line. The customer should be able to see the sale amount, the surcharge, and the total, each on its own.

Where	What has to be there
At the entrance	Clear sign: credit surcharge applies
At the register	Same notice where they pay
On the receipt	Surcharge on its own line
In your POS	Credit-only, capped at your cost

✓ **Your processor usually supplies the signage**

Most processors that support surcharging will give you the right notice wording and often the signs themselves, because they're on the hook for the rules too. Ask them for it rather than writing your own from scratch.

What Ohio law says — and why the state matters

The card networks set one layer of rules; state law sets another. Both have to allow it, and that varies by where you are.

As of late 2026, **Ohio does not prohibit credit-card surcharging**. It's permitted here, as long as you follow the network rules we've covered. That's the good news for an Ohio shop.

But a few other states restrict or ban surcharging outright, and some cap it lower than the networks do. If you sell across state lines — online, or at markets in another state — the rules can change with the state where the sale happens. Don't assume Ohio's answer travels with you.

Because this is a legal question and laws change, confirm the current rule with your attorney and your processor before you start, especially if you sell in more than one state. This is exactly the kind of fine point I'd rather you check with a professional than take from a tech helper.

★ I'll help you set it up, not interpret the law

I can get the surcharge configured correctly in your POS and make sure the notices and receipts are right. For whether the law allows it in your exact situation, that's your attorney's call. I'll tell you plainly where my lane ends. Call or text (330) 200-8042.

The cash-discount model — a different animal

You'll hear 'cash discount' thrown around as if it's the same as a surcharge. It isn't, and the difference matters.

With a **cash discount**, you post your prices as the card price, and then give customers a discount when they pay with cash. The sign on the wall shows the higher number, and cash buyers pay less. A surcharge works the other way: you post the lower price and add a fee for credit.

They sound like two ways to describe the same gap, but the networks and the law treat them differently. A cash discount, done correctly, is generally simpler on the rules — but it has to be set up right, with your prices posted as the card price and the discount applied honestly at the register.

Whichever model you choose, set it up **with your processor** so it's compliant. Both models can be done correctly, and both can be done in a way that gets you in trouble. The setup is where it's decided.

✓ Pick one model, not a muddle

The mistake I see is mixing the two — posting low prices like a surcharge but calling it a cash discount. Pick one model, set it up cleanly, and keep your signs and receipts matching it.

Surcharge or cash discount: side by side

Here's the honest comparison so you can see which fits the way you price and the way you talk to customers.

	Surcharge	Cash discount
Posted price	Lower price	Card price
The adjustment	Add fee on credit	Take off for cash
Applies to	Credit only	Rewards cash
Notice needed	Yes, entry + register	Yes, prices as card
Set up via	Processor	Processor

Neither one is 'better' — they suit different owners. A surcharge keeps your shelf prices low and asks credit users to cover their own cost. A cash discount feels friendlier to some customers because they hear 'discount,' not 'fee.' The rules and the math land in a similar place; the feel is different.

✓ **Think about how it reads to a customer**

Some folks bristle at a fee and smile at a discount, even when the dollars are identical. You know your customers. Choose the model that fits your crowd as much as the one that fits your spreadsheet.

Does a surcharge even pay off?

Before you take on the rules and the signage, it's worth asking whether a surcharge actually leaves you ahead.

A surcharge offsets your credit-card cost, but it does nothing for your debit sales, your cash sales, or your checks — and you can't surcharge those anyway. So the real question is how much of your business comes in on credit cards. If most of your customers pay by debit or cash, a surcharge moves very little money.

There's also goodwill to weigh. A visible fee can cost you a sale or a little warmth at the counter. Only you can judge whether your customers will shrug it off or grumble. For some shops it's a non-issue; for others it's not worth it.

Run a rough month: what share of sales are credit, what you pay to accept them, and what a compliant surcharge would recover. Weigh that against the setup, the signage, and the customer reaction. Sometimes the answer is simply raising prices a hair instead.

★ Let's do the quick math together

I'm happy to sit down and figure out whether a surcharge would actually help you, using your real numbers, not a sales pitch. Often we find it's close either way — and then it comes down to how your customers would feel. Call (330) 200-8042.

Two kinds of small business, two setups

Where and how you sell changes how a surcharge plays out — and even whether it's practical to post the notices the rules require.

If you sell from a fixed counter or shop

You ring people up at a counter, so posting clear notices at the entrance and the register is straightforward, and your POS can be set to surcharge credit only and cap at your cost.

- Post the required notice at your door and at the register — a fixed counter makes this easy.
- Set the surcharge in your POS to apply to credit only, never debit or prepaid, and cap it at your real cost.
- Make sure the receipt shows the surcharge on its own line.
- A cash discount can work well at a counter too — just post prices as the card price.

If you sell on the go — markets, trucks, house calls

You sell from a booth, a truck, or a customer's doorstep, so 'post a notice at the entrance' takes some thought — there may be no door — and a card reader has to tell credit from debit on the spot.

- Bring a clear, portable sign for your booth or truck window that states the credit surcharge.
- Confirm your mobile reader can apply the surcharge to credit only and block it on debit and prepaid.
- Across state lines, the rules can change — check before you sell at an out-of-state market (see our Ohio sales-tax guide for the look-it-up habit).
- If signage on the go is awkward, many vendors simply build the cost into the price instead.

★ Selling in more than one place?

If you work a counter and the weekend markets, the surcharge rules can differ by where you set up — especially across a state line. Tell me where you sell and I'll help you keep it compliant everywhere. Call (330) 200-8042.

Setting it up the right way

A compliant surcharge is a setup job, not a sticky note on the register. Here's the order I'd do it in.

Do it through your processor, not by hand. The reason is simple: your POS has to automatically tell a credit card from a debit card and apply the fee only to credit. You can't eyeball that at the counter, and guessing is how debit cards get surcharged by accident.

The steps in order

- **Confirm it's allowed** for your state and situation — processor and attorney.
- **Give the 30-day written notice** to the card brands and your acquirer before you start.
- **Set the rate** in your POS: credit only, capped at the lower of 3% and your actual cost.
- **Post the notices** at the entrance and the register.
- **Check a real receipt** to confirm the surcharge prints on its own line.

! Don't start before the notice period

The 30-day written notice to the networks and your acquirer comes before you flip the switch, not after. Starting first and papering it later isn't following the rule — it's breaking it quietly. Do it in order.

Why debit is the trap everyone falls into

This deserves its own page, because it's the single most common way owners break the rules without meaning to.

Here's the snag: when a customer runs a debit card, they're often asked 'debit or credit?' and many choose 'credit' out of habit. That does not make it a credit card. It's still a debit card, and you still may not surcharge it. The network's rule follows the card, not the button the customer pressed.

The only safe way to handle this is to let your POS identify the card type and apply the surcharge automatically to true credit cards only. If you're applying a fee manually, you're almost certainly going to surcharge a debit card eventually — and that's a violation every time it happens.

Prepaid cards fall under the same no-surcharge rule. If your system can't reliably sort credit from debit and prepaid, then surcharging isn't safe for you yet, and a cash discount or a small price bump may be the better road.

! The button doesn't decide — the card does

A debit card run as 'credit' is still a debit card. Never let the customer's choice at the terminal talk you into surcharging it. Your POS should handle this so a busy counter never has to.

Telling customers without losing them

The rules make you post the fee; good sense makes you post it kindly. How you say it matters as much as that you said it.

Lead with plain, friendly wording. Something like 'A small fee applies to credit-card payments to cover our processing cost; debit, cash, and check are free of the fee.' People accept a fee they understand far better than one that surprises them at checkout.

Train whoever works your counter to mention it before the card comes out, not after it's swiped. The surprise is what stings. A heads-up turns a complaint into a shrug.

And remember you always have the gentler option of a cash discount, which lands on the ear as a reward rather than a penalty. Same dollars, warmer feel. If your crowd is fee-sensitive, that framing can be worth it.

✓ **Honesty beats fine print**

Customers forgive a clearly posted, clearly explained fee. What they don't forgive is feeling tricked. Big sign, plain words, a word at the counter — that's the whole trick to keeping the goodwill.

Keep the paper that proves you did it right

If a question ever comes up — from a customer, a card network, or your own bookkeeping — a tidy paper trail answers it fast.

Keep a copy of the written notice you sent to the card brands and your acquirer, with the date. Keep a photo of your posted signage. And keep your settings documented so you can show the surcharge is capped at your cost and applied to credit only.

Your surcharge income shows up in your sales records too, and it may matter for your bookkeeping and taxes. How to account for it is a question for your accountant — I'm not one, and I won't pretend otherwise — but keep the records clean so they have something to work with.

✓ A simple folder does the job

One folder — paper or a folder on your computer — with the notice, a photo of the sign, and a note of your rate and start date. Five minutes now saves an afternoon of scrambling if anyone ever asks.

Questions to ask your processor

Before you turn on a surcharge, get clean answers to these from the company that'll be processing it. In writing, with today's date.

Q: Does your system apply the surcharge to credit cards only, automatically?

This is the big one. If it can't reliably block debit and prepaid on its own, surcharging isn't safe for you. Get a clear yes before anything else.

Q: What's the current cap, and will you cap it at my actual cost?

As of late 2026 Visa caps it at 3%, and it can't exceed your real cost. Confirm today's cap and make sure the setting respects your cost, not just the ceiling.

Q: Will you handle the 30-day notice to the networks and acquirer?

Most processors that support surcharging manage this with you. Confirm who files it and keep a dated copy.

Q: Do you provide compliant signage and receipt formatting?

They're usually on the hook for the rules too, so they often supply the signs and set the receipt to show the surcharge on its own line. Ask.

✓ No clear answer is itself an answer

If a salesperson can't plainly confirm the credit-only handling and the cap, slow down. The rules are specific, and a vague answer today becomes your problem tomorrow.

Common mistakes people make

Nearly every surcharge problem traces back to one of these. Now you'll see them coming.

- **Surcharging debit or prepaid cards** — the number-one violation, usually because a debit card got run as 'credit.'
- **Setting the fee above the cap** or above their actual cost, instead of taking the lower of the two.
- **Starting before the 30-day notice** to the networks and acquirer has been given.
- **Hiding the fee** — no sign at the door, or burying it in the total instead of its own receipt line.
- **Assuming Ohio's rule travels** to markets or online buyers in other states where the law differs.
- **Doing it by hand** at the register instead of letting the POS sort credit from debit.

! The costly one is debit

Every mistake here can cost you, but surcharging debit is the one that can cost you your card acceptance. If your system can't guarantee credit-only, don't surcharge at all until it can.

If a surcharge isn't for you

Passing the fee on isn't the only way to handle your card costs, and it isn't always the smartest one. Here are the honest alternatives.

Build it into your prices

The simplest path: nudge your prices up a little to absorb the cost, and skip the fees, the signs, and the notices entirely. Many owners find this the least friction for the least worry, and the customer never feels singled out at checkout.

Offer a cash discount instead

If you want cash buyers to pay less without the 'fee' feeling, the cash-discount model does that — set it up with your processor as we covered. It's a gentler framing for a fee-sensitive crowd.

Shop your rate down

Sometimes the better move is lowering the cost itself. Our guide on what card processing really costs and our statement-reading guide help you find fees worth trimming before you ever ask a customer to cover them.

✓ The quietest option is often the best

No rule says you have to add a fee. For a lot of small shops, a small, even price adjustment is simpler than surcharging and keeps the counter friendly. Weigh it honestly against the paperwork.

Staying compliant after day one

Turning it on correctly is step one. Keeping it correct as things change is the part people forget.

The cap and the rules move. Visa's 3% ceiling, the notice requirements, and state laws all get revisited over time, and your actual cost of acceptance changes when your rate changes. A surcharge that was compliant two years ago may not be today.

Put a yearly reminder on your calendar to check three things: that your surcharge still sits at or below the current cap and your real cost, that your signage still matches, and that nothing in your state's law has shifted. Your processor can confirm the current rules each time.

★ I can be your yearly check

If keeping up with changing rules isn't how you want to spend your time, make it one of my visits. I'll confirm your surcharge is still within the cap and your cost, and that your signs and receipts still pass. Call (330) 200-8042.

Your before-you-start checklist

Run down this list before you turn on a surcharge. If you can't check every box, you're not ready yet — and that's fine.

- ☐ I've confirmed with my attorney and processor that it's allowed in my situation.
- ☐ My POS applies the surcharge to credit cards only, automatically.
- ☐ My rate is the lower of the current cap and my actual cost of acceptance.
- ☐ I've given the 30-day written notice to the card brands and my acquirer.
- ☐ Clear notices are posted at my entrance and my register.
- ☐ A test receipt shows the surcharge on its own separate line.
- ☐ I've kept a dated copy of the notice and a photo of the signage.

✓ All boxes or none

This isn't a list to do most of. Surcharging is a set of rules that work together — so check every box or hold off. A partly-compliant surcharge is a non-compliant surcharge.

Setting honest expectations

A surcharge is a tool with real rules and real limits. Knowing what it will and won't do keeps you from being disappointed.

It will offset the cost of your credit-card sales, and done right it's perfectly legitimate in Ohio. It will not touch your debit, cash, or check sales, it won't erase your fees, and it adds signage, notices, and a bit of explaining at the counter. It's an offset, not a windfall.

Expect a short setup through your processor, a conversation or two with customers early on, and a yearly check to stay current. If that sounds like more than it's worth for your mix of sales, a small price bump is a perfectly respectable answer.

✓ **Decide with your numbers, not a hunch**

The right call depends on how much of your business is credit and how your customers feel about a fee. Those are your numbers and your crowd — so make this decision with them in front of you, not on a gut feeling.

Common Questions

The questions I hear most from owners weighing a surcharge, answered plainly.
(Rules as of late 2026 — confirm current.)

Q: Can I legally add a surcharge in Ohio?

As of late 2026, Ohio does not prohibit credit-card surcharging, so it's permitted here if you follow the network rules. Confirm with your attorney and processor, especially if you also sell in other states.

Q: Can I surcharge a debit card if the customer picks 'credit'?

No. A debit card is a debit card no matter which button is pressed, and you may never surcharge it. Your POS has to apply the fee to true credit cards only.

Q: How much can I charge?

The lower of the current cap — 3% under Visa's rule as of late 2026 — and your actual cost of accepting that card. You can't exceed your real cost. Confirm today's cap with your processor.

Q: Is a cash discount easier than a surcharge?

It's a different model with different handling, and some owners find it simpler and friendlier. Either way, set it up with your processor so it's compliant — don't improvise it at the register.

Q: Do I really have to notify the card networks first?

Yes — 30 days' written notice to the card brands and your acquirer before you begin. It's part of the rules, and your processor will help you do it.

★ Still not sure it's worth it?

That's the most common question of all, and it's a fair one. Call or text me at (330) 200-8042 and we'll run your real numbers and the rules together — no pitch, no commission, just a straight answer about whether a surcharge fits you.

You don't have to figure this out alone

You just have to remember that a friendly, patient person who speaks plain English is one call away.

I hope this guide made surcharges and cash discounts feel a little less daunting and a lot more doable. Keep it with your other business papers, come back to a page whenever you need it, and don't feel you have to memorize a thing.

When you'd rather have a hand, that's exactly what I do. I come to your shop or your kitchen table, work at your pace, and never make you feel rushed or silly for asking. A first visit is a flat \$99, and for the parts that don't need me on-site I can often help right on your screen for \$49. Every visit comes with a 30-day, come-back-free guarantee. I don't sell payment processing and I earn no commission from any company — so the advice you get is just honest advice. For the tax and legal fine points, I'll point you to your accountant or attorney.

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Call or text me at (330) 200-8042, or visit BillsHomeTech.com. Serving Atwater and all of Portage County. 30+ years of patient, plain-English tech help — and if you're ever not 100% happy with a visit, I'll make it right or refund it. That's a promise. — Bill

Can You Surcharge This Payment?

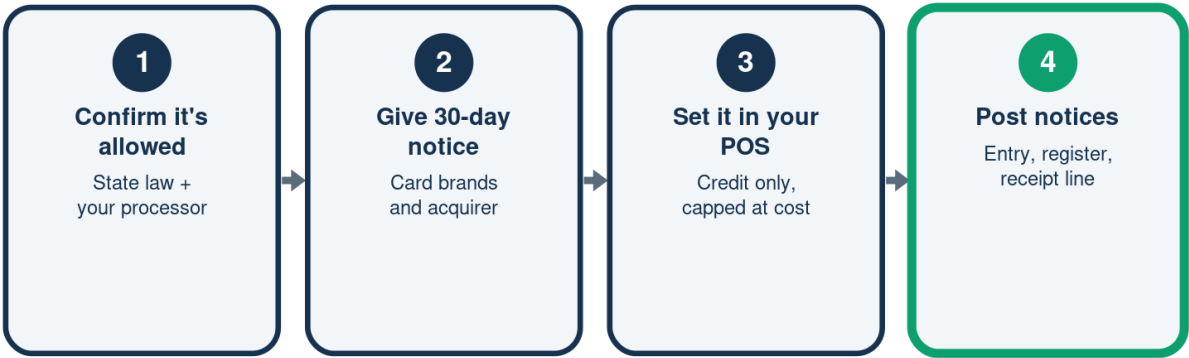
The rule follows the card, not the button

	Surcharge allowed?
Credit card	Yes -- up to the cap
Debit card	No -- never
Prepaid card	No -- never
Cash or check	No fee applies

Debit run as 'credit' is still debit -- no surcharge. Confirm current rules.

Turning On a Surcharge, in Order

Each step before the next -- notice comes before you start



Do these in order. Starting before the notice period breaks the rule.

Surcharge vs Cash Discount

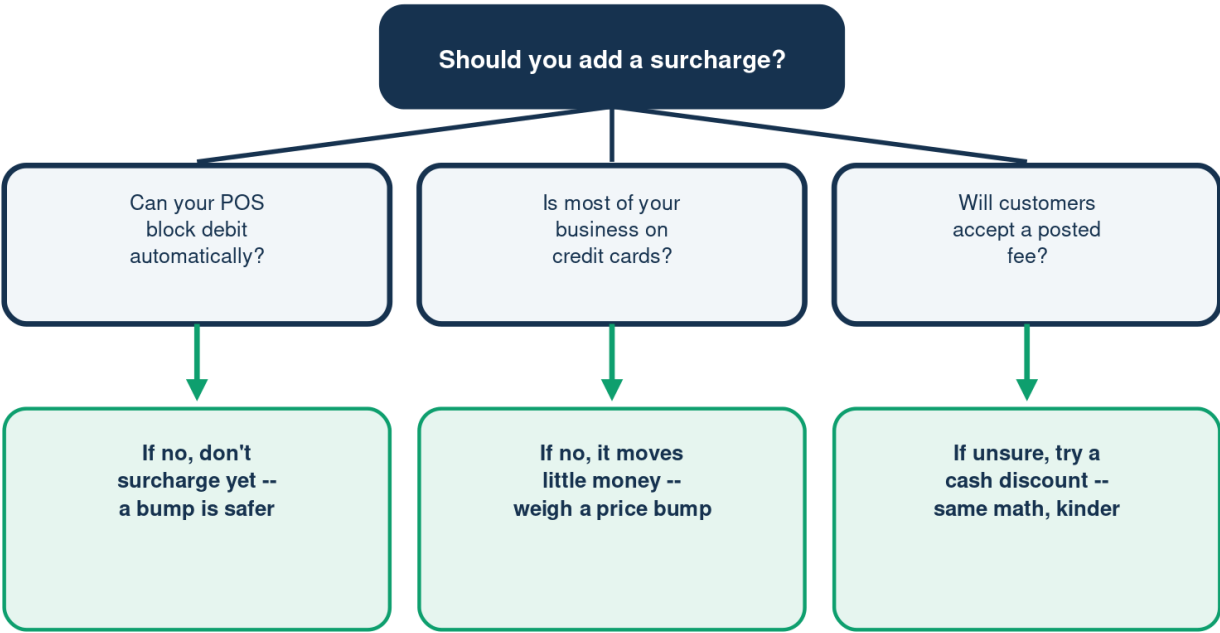
Two models, different feel, both set up via your processor

	Surcharge	Cash discount
Posted price	Lower price	Card price
The move	Add on credit	Take off for cash
Feels like	A fee	A reward
Applies to	Credit only	Rewards cash

Pick one model and keep your signs and receipts matching it.

Is a Surcharge Right for You?

Let your sales mix and your system decide



Confirm the current cap and your state's law with your processor and attorney.

Illustration - a schematic, not to scale. Your setup may differ.



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A Note From Bill

A quick note from Bill.

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