Charging a Fee for Customer Payments Made with a Credit Card

Last Modified on 11/01/2022 6:50 pm EDT

> This guide explains how to set up your system to levy a surcharge when a customer uses a credit card to make a payment. It is intended for advanced users.

You can levy a fee on customers who pay with a credit card by adding the surcharge as an item on the order.

Research Legal Guidelines in Your Jurisdiction

Some states have legislation about these kinds of surcharges. You must first confirm the legal requirements for charging fees on credit card transactions in your jurisdiction. For example, you may be required to notify customers by including a disclaimer on certain business documents.

Setting Up a Line Item Code for Your Credit Card Surcharge

To apply this kind of fee, create an LIC that represents the surcharge. Then, add that LIC to any order that will be paid by credit card. Typical settings for this LIC might include:

- LIC Record Type — Other
- Code — CCFee (or similar)
- Description — Credit Card Fee (or similar)
- Type — Misc
- Rate Type — Fixed Price
- Rate Value — $0.00
  You will calculate the surcharge for each order. See below.
- Revenue Account — Varies
  We recommend creating a specific GL account for these charges.
- Order Item Notes — Enter a surcharge disclaimer as required for your jurisdiction. This information will be displayed on order and invoice printouts.

Using the Credit Card Surcharge LIC

When a customer opts to pay for an order using a credit card, you can edit the order record

to add the CCFee as an item on the order:

- Quantity — 1
- Unit Price — Enter the amount you have calculated using your company policies (see below).

Calculating the Surcharge

When you apply this fee, you must manually calculate the charge. This uses a straightforward formula: Current order total * surcharge percentage = surcharge amount

Example

Suppose a company decided to levy a 3% fee on orders paid using a credit card. A customer placed an order with a total of $1,250. When that customer decides to pay with a credit card, the team member processing the payment would use the formula above to calculate the surcharge: $1,250.00 * 3% = **$37.50**