



February 6, 2013

GSA SMARTPAY® SMART BULLETIN

**U.S. GENERAL SERVICES ADMINISTRATION
FEDERAL ACQUISITION SERVICE
SMART BULLETIN NO. 018**

Visa's Government and Higher Education Payment Program – Updates/Changes

EFFECTIVE DATE:

This Smart Bulletin becomes effective upon issuance and shall remain in force until modified or rescinded.

INTRODUCTION:

The GSA SmartPay government-wide commercial charge card services contracts offer two primary charge card brands through its contractor banks: VISA® and MasterCard®. This bulletin addresses the changes to Visa's Government and Higher Education Payment Program (formerly called the "Tax Payment Program") to allow merchants within certain Merchant Category Codes (MCCs) encompassing government and institutions of higher education the option of charging a service fee when payment is made using consumer credit or debit cards or when using commercial card products. Note that these fees have been permitted by MasterCard for some time; VISA is now changing their policies in a similar manner.

BUSINESS LINE(S) AFFECTED:

Purchase, Integrated

SUMMARY:

Under a recent Visa regulation revision, certain government entities and institutions of higher education are now permitted to assess variable (percentage of the transaction) service fees on charge card transactions. Visa identified the following MCCs as authorized to charge service fees when a charge card is used to make payment:

- MCC 9311 – Tax Payments – Government Agencies
- MCC 9222 – Fines
- MCC 9211 – Court Costs
- MCC 9399 – Miscellaneous Government Services

MCC 8220 – College Tuition
MCC 8244 – Business/Secretarial Schools
MCC 8249 – Vocational/Trade Schools

Note that not all merchants under the above MCCs will impose service fees. In addition, some states have laws which do not allow service fees. As of February 6, 2013, the following states do not allow service fees: California, Colorado, Connecticut, Florida, Kansas, Maine, Massachusetts, New York, Oklahoma and Texas. Cardholders who are charged a service fee in any of the above mentioned states should dispute the charge with their contractor bank.

ACTION:

Cardholders and charge card management personnel should be aware of the possibility of merchants assessing service fees on open market micro-purchases from government and higher education institutions as identified above. Level 1 Agency/Organization Program Coordinators are asked to ensure card management, cardholders, approving officials and cardholders throughout their organization are advised of the potential for service fees to be assessed on charge card transactions. When faced with a merchant intending on assessing a service fee for a transaction, it is recommended that cardholders be advised to consider other sources of similar supplies/services, if available, which do not to assess a fee. The level of such market research action taken should be commensurate with mission needs, the value and risks associated with the purchase, etc.

Furthermore, where the card is used as a payment tool under a government contract, cardholders first should consult with the cognizant contracting officer before paying any such service fees to ensure they are allowable under the contract.

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If you have any questions or comments regarding this Smart Bulletin, please contact the Office of Charge Card Management at 703-605-2808 or at gsa_smartpay@gsa.gov.

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