

Sales/Use/Indirect:

Michigan Department of Treasury Says Credit Card Surcharges are Subject to Sales Tax

Treasury Update Newsletter, Mich. Dept. of Treasury, Tax Policy Division (5/24). A newsletter published by the Tax Policy Division of the Michigan Department of Treasury (Department) explains the growing practice of sellers adding an itemized credit-card company “surcharge” to customer invoices / receipts and concludes that because such surcharges generally are considered a “service cost” or “any other expense of the seller,” they are part of the taxable sales price. Accordingly, “sellers employing credit-card surcharges on purchasers should make sure that they remit tax on the surcharges.” In arriving at this conclusion, the Department notes that a credit card payment processor provides a financial service for the seller for which it imposes a fee on the seller that, if passed along to the customer, becomes part of the taxable sales price. Please contact us with any questions.

URL: https://www.michigan.gov/treasury/-/media/Project/Websites/treasury/Newsletters/Treasury-Update-Newsletter_May2024Final.pdf

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