

Sales/Use/Indirect:

Texas Memo Says Separately Stated Credit Card Processing Fees are Part of Taxable Sales Price

202406004M, Tex. Comptroller of Public Accounts (6/27/24). The Tax Policy Division of the Texas Comptroller of Public Accounts posted a memorandum regarding retailers who accept credit card payments for sales of taxable items and choose to pass on a “credit card processing fee” to their customers, concluding that even separately stated credit card processing fees are taxable as part of the total sales price of a taxable item under Texas law. In doing so, the memorandum explains that such fees are incurred by the retailer for the settlement of an electronic payment by another person or financial institution. Therefore, when a retailer chooses to pass on a credit card processing fee to its customer, it is passing on the cost of an expense incurred in connection with the sale of a taxable item and thus it must be included in the sales price of the taxable item sold, even when separately stated. The memorandum also clarifies that retailers in such transactions are *not* extending credit to their customers for the purchase of taxable items; they are merely accepting credit cards as a means of payment. Please contact us with any questions.

URL: <https://star.comptroller.texas.gov/view/202406004M>

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