

Key “Friend of Grocers” Vote



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WGA Position Paper

Swipe Fees on Excise & Sales Taxes

Credit card swipe fees, called interchange fees, continue to rise exponentially and have become one of the biggest operating expenses for retailers. Retailers pay swipe fees on all credit card transactions, which includes not only the sales portion of the transaction but also the taxes charged on sales. The WGA is asking the Legislature to eliminate swipe fees on excise and sales taxes.

Wisconsin Retailers collect excise and sales taxes from the public on behalf of the State. They are provided a “retailer’s allowance” of .5% of the taxes they collect (capped at \$1000 per filing period) as compensation for the costs they incur in collecting the tax. Labor costs, utility costs, and other business costs all go into the total overall costs, however the most egregious cost incurred to collect sales tax relates to credit card swipe fees. Credit card swipe fees are charged on the total amount, including tax, not just the sale itself. They range from 1.35% to 4% per transaction, with the U.S. average at 2%. Retailers are paying substantially more on the interchange fee for the sales tax than the retailer’s discount provides.

Interchange fees are paid to financial institutions. Retailers must pay the financial institution a percentage of all the sales taxes it collects for the State of Wisconsin. Even though the financial institution takes a percentage of the taxes collected on the sale, the state still receives 100 percent of the taxes due. The retailer is forced to make up the difference.

The WGA supports legislation that would hold retailers harmless for credit card transaction fees applied to excise and sales taxes by prohibiting interchange fees on taxes collected.

Action Requested: Ask your legislator for their support to prohibit interchange fees on excise and sales taxes.

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