Treasury Financial Manual

Announcement No. A-2014-04

July 2014

To: Heads of Government Departments, Agencies, and Others Concerned
Subject: Limitations on Credit Card Collection Transactions and Policy for Splitting Transactions

1. Purpose

This Treasury Financial Manual (TFM) announcement notifies agencies of the revised Bureau of the Fiscal Service (Fiscal Service) policy on the transaction dollar-value limit to collect revenue using credit cards for agencies using the Card Acquiring Service. The revised policy, which will be effective June 1, 2015, lowers the maximum dollar amount allowed for a credit card collection. This announcement also clarifies the policy for splitting transactions, which will be effective immediately.

2. Background

When participating in the Card Acquiring Service, agencies may accept credit and debit cards for the provision of goods and services, assessed fees, fines, and other monies due to the Federal Government. Fiscal Service has an agreement with a financial agent that serves as the acquiring bank and provides card acquiring processing services.

Large-dollar credit card transactions are costlier for the Federal Government than small-dollar transactions. Fiscal Service incurs a variety of fees for each transaction, the largest of which is an interchange fee based on a percentage of the dollar value of the transaction. For example, a 2.0-percent fee for a $100,000.00 transaction costs the Federal Government $2,000.00, while a 2.0-percent fee for a $1,000.00 transaction costs the Federal Government $20.00. Paying high fees for accepting credit card transactions is not in the Federal Government's best interest.

To reduce the fees that the Federal Government incurs for credit card processing, Fiscal Service is limiting the dollar value allowed for credit card collections. When collecting large-dollar transactions, agencies should use other, less expensive electronic alternatives (see Section 3 below).

3. Policy on Credit Card Collection Transactions Effective June 1, 2015

Agencies must limit their credit card collections so that an individual payment transaction does not exceed $24,999.99. This limit has been lowered from the previous payment transaction limit of $49,999.99. If the

agency's cashflow includes individual credit card transactions greater than $24,999.99, the agency should use other electronic collection alternatives for those transactions. Available electronic alternatives include debit cards, Automated Clearing House (ACH) debits or credits, Fedwire transactions, and the Intra-Governmental Payment and Collection (IPAC) System.

Fiscal Service will instruct its acquiring processor to reject any credit card transaction greater than $24,999.99. The $24,999.99 limit applies regardless of whether the credit card transaction represents a single payment or a bundled payment—i.e., the payment of more than one bill, debt, or other obligation due to the Federal Government. Multiple transactions by a customer to a single agency in one day may be aggregated and treated as a single transaction. Transactions that would result in the aggregate exceeding the maximum dollar amount will be rejected (see *Policy on Splitting Transactions Effective Immediately* in Section 4 below).

Debit card transaction amounts remain unlimited due to the lower associated fees.

At a future date, Fiscal Service reserves the right to further reduce the maximum transaction-dollar value limit in order to achieve additional savings for the Federal Government. Fiscal Service may also revisit the application of this policy on a cashflow, program, agency, or other basis.

Upon the effective date of the new maximum dollar amount, TFM Volume I, Part 5, Chapter 7000 will be revised.

4. Policy on Splitting Transactions Effective Immediately

Customers who owe an amount on a bill, debt, or other obligation due to the Federal Government are prohibited from splitting the total amount due into multiple payments. Splitting an amount owed into several payment transactions violates the credit card network and Fiscal Service rules. An amount owed that exceeds the Fiscal Service maximum dollar amount may not be split into two or more payment transactions in the same day by using one or multiple cards. Additionally, an amount owed that exceeds the Fiscal Service maximum dollar amount may not be split into two or more transactions over multiple days by using one or more cards.

5. Agency Compliance

For a customer that attempts multiple transactions on the same day with the same credit card, those transactions that cause the total charge to exceed the maximum dollar amount will be rejected by the acquiring processor. Agencies are responsible for working with their customers that are splitting transactions to avoid violation of compliance with the Fiscal Service maximum transaction dollar amount.

Agencies must change any regulations, policies, or other procedural documents to reflect these policies. Additionally, these policies should be reinforced in agency communications with customers. These communications should reference collection alternatives to credit card payments.

Fiscal Service and its acquiring processor will monitor agency compliance with this requirement and will provide assistance to agencies not in compliance or that request guidance. Agencies are responsible for working with their customers to maintain compliance with these policies.

Contact the Fiscal Service Card Acquiring Service if assistance is needed to evaluate and/or implement

other collection alternatives.

6. Authorities

The authority for this announcement is based upon 31 U.S.C. § 3301-3303, 31 U.S.C. § 3720, and 15 U.S.C. § 1693o-2.

7. Effective Date

This announcement is effective immediately.

8. Inquiries

Direct inquiries about this announcement or credit and debit card collections in general via email to CardAcquiringService@fiscal.treasury.gov.