

This document is a companion to this [FNS SNAP Online Purchasing webpage](#), providing additional details about the Criteria and Requirements for SNAP Online.

## **Retailer Criteria for SNAP Online Participation - Details**

1. The retail firm is an eligible SNAP retailer. Currently authorized retailers should note that a separate (additional) FNS authorization will be required in order to participate in SNAP Online. See details about how to initiate SNAP Online participation at #4 below. Online-only retailers should follow the instruction at #4 below and then wait for further instruction from FNS.
2. The retail firm has an online eCommerce presence. This may be an in-house/custom solution, or through partnering with an eCommerce platform. See this link for the list of [eCommerce platforms](#) currently supporting SNAP Online. Please note that the linked list of eCommerce providers does not indicate endorsement by FNS. Any eCommerce platform may participate, provided they are able to meet all of the technical requirements for SNAP Online, as outlined in Sections 2.4 & 2.5 of the 2016 Online Retailer Request for Volunteers ([RFV](#)).
3. The retail firm must have a website capable of being updated to meet the requirements to operate online purchasing, including but not limited to functionality for:

- a) Integration of secure online PIN-entry via the Third Party Processor (TPP) Application Programming Interface (API). Retailers are responsible for ensuring that API connections and keys are secure and protected from unauthorized access.

TPPs enable acceptance of electronic payments, both credit card and EBT. TPPs are commercial entities contracted by merchants and/or eCommerce platforms to route transactions for approval by the card issuer. TPPs also manage settlement for electronic payments to retailers. For SNAP Online, the TPP also provides the online EBT PIN solution.

- b) Error Handling – includes messaging displayed to customer as appropriate to the situation.

When an EBT transaction is declined (SNAP or EBT Cash) the messaging displayed to the customer should be specific to the situation and provide the customer information on next steps as applicable. There is further information available on error handling in the [BRD Requirements Guidance](#).

- c) Matching SNAP and EBT Cash refunds back to the original purchase.  
Refunds for SNAP purchases must be made back to SNAP – customers may not be provided with store credit, cash, or any other tender type. For this reason, the SNAP Online Purchasing program allows for a “PIN-less refund” meaning that the retailer can initiate and perform a refund to SNAP without the EBT card being present or the PIN being entered (which is different from the brick & mortar SNAP refund process). Matching SNAP

refunds back to the original purchase is critical for the PIN-less refund and is done using data from the transaction message.

- d) Handling of estimated pricing for items that are variably priced based on weight. Because payments made with SNAP (and EBT Cash) are made at online checkout (unlike credit cards, which are usually pre-authorized for an estimated amount at online checkout), FNS allows SNAP Online retailers to charge up to 10% additional for weighed items ordered to cover overages in weight when the item is picked in store. Here is an example with different final weight scenarios:
- Apples are sold at \$2.00 per lb., and a customer orders 2lbs. of apples. If paid with SNAP, the checkout price of \$4.00 could be padded by up to 10% to \$4.40 to accommodate an upward variance of weight that might occur when the apples are picked for the order.
    - When picked for the order, if the actual weight of the apples is 2.2 lbs., the cost is \$4.40, and no additional action is needed by the retailer.
    - If the actual weight of the apples for the order is 2.1 lbs.,  $2.1 \times \$2.00/\text{lb.} = \$4.20$  and \$0.20 will need to be refunded to the customer's SNAP balance.
    - If the actual weight of the apples for the order is 2.3lbs, the cost would be \$4.60. The full \$4.40 charged to SNAP should be applied to the order, and the remaining \$0.20 could be charged to a credit card if the customer has been notified of this possibility at checkout. If not, the \$0.20 would need to be absorbed by the retailer. There is no option to charge this additional amount to SNAP.
    - If the actual weight of the apples for the order is 1.9 lb., the cost of the apples is \$3.80. If the customer has paid with SNAP, and the 10% weighed item padding was charged (\$4.40 total), the SNAP balance will need to be refunded \$0.60.
    - Regardless of whether a retailer uses the optional upcharge, any time the actual cost of an item sold by weight is less than the amount that was charged to SNAP at checkout, a refund is due to the SNAP balance.
- e) Having only one SNAP/EBT card provisioned to a customer account. SNAP participants have only one EBT card at a time, and FNS requires that only one EBT card be stored or associated with a customer's online account at a time. This is intended to prevent fraudulent behavior, such as stolen card numbers being added to customer accounts for repetitive purchase attempts. If a retailer's eCommerce system allows storage of card numbers with a customer account, one way of managing this is for eCommerce systems to force deletion of an existing EBT card number before allowing a new or different card number to be entered.
- f) Ensuring only [eligible foods](#) can be purchased with SNAP benefits.

Brick & mortar retailers have Point of Sale (POS) systems that categorize SNAP eligible items and subtotal them for checkout. A retailer's SNAP Online system must have the same capability. While it is not required that the website flag individual SNAP eligible items to online shoppers, this can be a helpful feature for SNAP customers.

- g)** Allowing split tender transactions for the payment of non-SNAP eligible items and delivery fees. Split tender transactions for SNAP Online customers are a necessity. If there are any fees associated with a retailer's online orders, including pickup or delivery fees, bag fees, etc., those may not be paid with SNAP funds. It is also required that order breakdowns and receipts clearly show the SNAP payment amount, other payment type amounts, and breakdowns of all charges. Detailed receipt requirements are available [here](#).
- h)** Allowing SNAP customers to choose the exact amount of benefits that they will use for each purchase. In every case, a customer must be able to choose exactly the amount they would like to pay with their SNAP or EBT Cash benefits. If the retailer's checkout system defaults or prompts the customer for the full SNAP eligible amount, the customer must be able to change the amount they choose to charge to SNAP. This includes orders where every item is SNAP eligible.
- i)** Not charging sales tax on SNAP purchases.  
All SNAP eligible items purchased with SNAP funds are exempt from sales tax with no exceptions. This means that retailers must have programming in place for sales tax exemption that accommodates split tender transactions (where SNAP and another tender type are used). Split tender tax situations can be more complex because it is unusual that the amount the customer chooses to pay by SNAP will precisely cover the cost of every SNAP eligible item. Brick & mortar SNAP retailers already have a system in place to handle split tender tax situations and SNAP payment through their in-store POS systems. The same handling of sales tax should apply for online sales. For online-only retailers, their systems will need to be programmed appropriately.

Here is an example of a split tender order, where the sales tax on all items (including grocery) is 5%:

- Order total = \$50.00
  - SNAP eligible amount = \$40.00 (tax exempt if paid via SNAP)
  - Customer payment: \$35.00 SNAP; \$15.00 credit card
  - In this example, the grocer's system needs to calculate the appropriate sales tax for the \$15.00 of the order being paid by credit card, which includes \$5.00 of SNAP eligible items.
  - The sales tax on this order is  $\$15.00 \times \$0.05 = \$0.75$
- Often, a SNAP payment will include partial payment on a SNAP eligible item,

leaving a balance that will be covered by the credit card payment. The retailer needs to decide if the system will exclude tax on the entire SNAP eligible item that crosses payment types, or charge tax on the portion of the item paid by credit card.

- j) In order to mitigate fraudulent online EBT balance inquiries, online retailers have the following two options:
1. Removal of EBT Balance Inquiry from eCommerce Site – this will require an additional waiver from FNS.
  2. No guest checkout and limits to balance inquiries and EBT card changes, or similar velocity controls proven to be effective upon consultation with FNS. This includes all of the following:
    - i. Removal of “guest checkout” from retailer site
    - ii. Limit the number of times an account holder can change their EBT card to a minimal number within a specified time period.
    - iii. Limit use of balance inquiry feature to 2 times per customer session.

More information about this issue is available [here](#).

- k) Meeting additional requirements found in the SNAP Online Purchasing [RFV](#) (see Sections 2.4 and 2.5).

4. To participate in SNAP Online, retailers must start by emailing a Letter of Intent (LOI) to FNS confirming they meet the criteria above. The completed LOI should be emailed to [sm.fn.snaponline@usda.gov](mailto:sm.fn.snaponline@usda.gov). A template LOI is available [here](#).

SNAP Internet retailer onboarding is a multi-step process. Please review the [SNAP Online Purchasing Processes Flowchart](#) to better understand next steps.

- A. Upon receipt of the letter of intent, FNS will work with the retail firm to secure the necessary information for their application as a SNAP Online retailer (“Internet Retailer”) which includes the retailer’s selection of an online PIN Solution Provider/Third Party Processor (TPP) for secure PIN-entry.
- i. SNAP transactions, including SNAP Online transactions, require secure entry of the EBT card PIN.
  - ii. At this time, Fiserv/PaySecure, FIS/Worldpay, and Forage are the only certified TPPs for secure online PIN-entry.
  - iii. Other TPPs may be working on alternate online PIN solutions. If a retail firm selects another TPP for SNAP Online, FNS will require confirmation once the TPP has been certified to the Issuer. At that point, the retail firm will then certify to their selected TPP for online EBT. Once complete, the retail firm must provide documentation of TPP certification to [sm.fn.snaponline@usda.gov](mailto:sm.fn.snaponline@usda.gov).

- B.** The retail firm's website must be updated to meet the requirements to operate online purchasing as outlined above and in the SNAP Online Retailer [RFV](#). Some eCommerce providers have already taken steps to meet SNAP Online Purchasing Requirements. While it is not required that you choose one of these companies, you are welcome to view the [list of eCommerce providers](#) that have met our SNAP Online Purchasing Requirements. FNS does not endorse or recommend any eCommerce provider over another.
- C.** Ultimately, successful completion of end-to-end testing in the online production environment with FNS is required prior to launching SNAP Online shopping to the public. Test script execution will require participation of all stakeholders. A prerequisite to testing includes working with the appropriate State Agency to obtain production EBT test cards. Contact information for State EBT offices will be provided by FNS at the testing stage.