Common Cents Act: What Restaurants Need To Know

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UNDERSTANDING
THE BACKGROUND

The Common Cents Act (H.R. 10167) establishes a federal framework for rounding cash transactions as pennies become less available.

The Act allows restaurants to use a standard rounding method when exact change cannot be provided and protects restaurants from federal, state, or local liability based on following that framework.

The FAQ below is intended to help restaurant operators understand and implement the new law.

FREQUENTLY ASKED QUESTIONS

1. WHEN DID THE COMMON CENTS ACT TAKE EFFECT?

The Act takes effect immediately upon enactment.

Pennies already in circulation remain legal tender.

2. DO RESTAURANTS HAVE TO ROUND CASH TRANSACTIONS?

No. Restaurants may continue providing exact change when it is available.

If exact change cannot be provided, a restaurant may use the federal rounding method described below.

3. HOW DOES THE FEDERAL ROUNDING METHOD WORK?

If exact change cannot be provided, a restaurant may round the total cash transaction amount, including taxes, or the amount of cash change due to the customer to the nearest nickel.

Example: A $10.42 cash total may be rounded to $10.40, while a $10.43 cash total may be rounded to $10.45.

The Act also allows restaurants to round in the customer's favor. When a customer pays with cash, a restaurant may round the amount owed down to the nearest five cents. Likewise, when a restaurant provides a cash refund or other cash payment to a customer, it may round the amount paid up to the nearest five cents.

4. DOES ROUNDING APPLY TO CREDIT CARDS, GIFT CARDS, OR OTHER NONCASH PAYMENTS?

No. The federal rounding provisions apply to cash transactions. Payments made by credit card, gift card, check, electronic fund transfer, money order, or similar noncash methods continue to be settled to the exact cent.

5. HOW DOES THE ACT ADDRESS STATE AND LOCAL ROUNDING LAWS?

The Act creates a national safe harbor for restaurants that follow the federal cash-rounding provisions.

A restaurant following those provisions cannot be found in violation of a federal, state, or local requirement based on its adherence to the federal rounding framework.

This protection gives restaurants a consistent federal standard to follow when exact cash change cannot be provided.

Because some states have related requirements involving issues such as notices, taxes, or mixed-tender transactions, restaurants should check with their state restaurant association for any state-specific requirements that may apply.

6. WHAT ABOUT CASH PAYMENTS TO EMPLOYEES?

Restaurants may continue paying employees the exact amount rather than rounding. The Act also preserves existing minimum-wage, overtime, and paid-leave requirements.

If a restaurant chooses to round a cash payment to an employee that is not divisible by five cents, the payment must be rounded up to the nearest nickel.

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