

THE ROUNDING RULE WILL APPLY FROM 2025. HOW WILL IT WORK IN PRACTICE?



Eesti Pank
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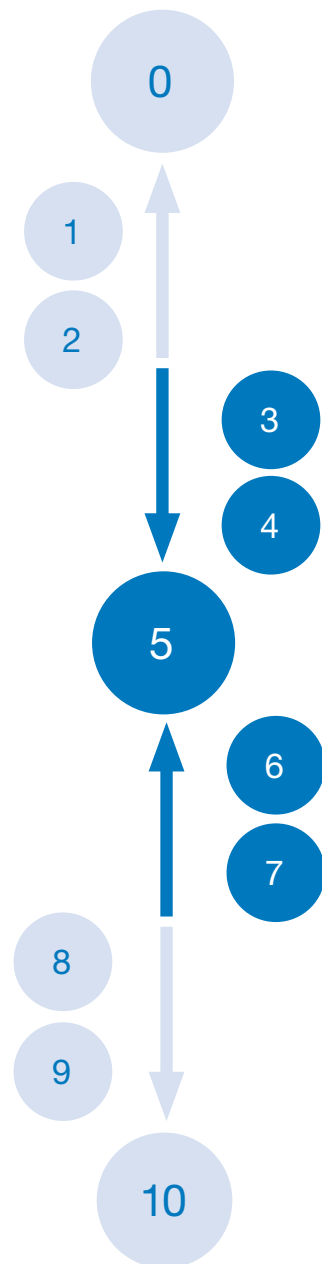
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From 1 January 2025, all merchants will be obliged under the updated and amended Act on Introduction of Euro to round the final price of a basket of shopping to the nearest five cents when the customer pays in cash. The rounding rule is intended to reduce the number of one and two-cent coins in circulation, as they are rarely used for making payments and producing them is resource-intensive, but they are still needed for giving change. The rounding rule will make it unnecessary to produce more of them.

THE ROUNDING RULE WILL APPLY:

- only to payments **in cash**, as card payments or amounts paid in a different way will not be rounded
- **only to the final price of the basket of shopping** as it is only the final price of the basket of shopping to be paid in cash that will be rounded and prices of individual items will not be rounded. When a customer is paying for only one item in cash, the price of that product is then the final price of the whole shopping basket and will be rounded at the till
- if a customer is paying partly in cash and partly by card, voucher or loyalty bonus points, in which case only the final price of the purchase will be rounded if that part is paid **in cash**
- if a customer gets a refund **in cash** for a product or service, in which case the amount will be rounded using the same principles as for purchases, whether or not the purchase was originally paid for by card, in cash or in some combination
- if the customer is getting a deposit for packaging returned **in cash**

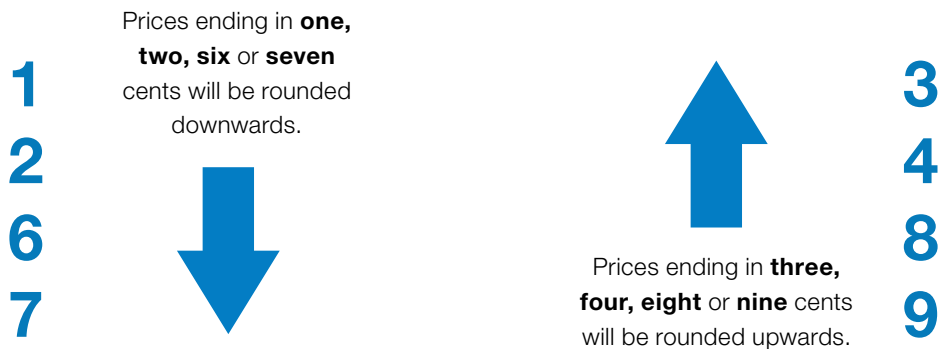


HOW WILL ROUNDING WORK?

The rounding rule means that when a customer pays in cash in a bricks-and-mortar shop, the seller rounds the price of the total basket of shopping, not of each individual item, up or down to the nearest five cents. This means that the basket of shopping paid for in cash may be up to two cents cheaper or more expensive. The rounding rule also applies when the seller gives a refund in cash for goods or services that have been paid for. The rounding rule is obligatory for all payments in cash.

Prices ending in one, two, six or seven cents will be rounded downwards.

Prices ending in three, four, eight or nine cents will be rounded upwards.



Examples

A shopping basket contains four items that are priced at 2.28 euros, 15.32 euros, 11.99 euros, and 1.17 euros, and the customer wants to pay in cash. The prices of the individual items are not rounded or changed at all, but the total price of the basket of shopping is rounded at the cash till and it falls from 30.76 euros to 30.75 euros. If a card is used for payment, the total amount remains at 30.76 euros.

If the shopping basket contains only one item at 2.28 euros and the customer wants to pay in cash, the price of the shopping basket is rounded to 2.30 euros at the till. If a card is used for payment, the amount to pay remains at 2.28 euros.

The obligation for businesses to round the final price comes from the Law of Obligations Act and the Consumer Protection Act, and applies to both physical people and legal entities. A legal entity under public law is a trader if it acts in a private legal relationship for purposes related to its economic or professional activities.

The rounding rule will not put any limits on price setting for goods and services or on calculations to the exact cent. This means that sellers will still be able to set prices like 3.99 euros.

The final price is not rounded if the payment is made in some means other than cash, or if it is smaller than three cents.

If the price of the basket of shopping is 0.01 euro or 0.02 euro, it is not rounded to zero, and the exact sum needs to be paid whether in cash or with some other means of payment.

The rule is mandatory for payments in cash and applies equally to everyone. It applies even if the customer has the exact change available. The customer can of course choose to use some other means of payment like bank card or bank transfer or bonus points that the rule does not apply to, and can also choose whether the price is rounded, which it will be if they pay in cash, or not, if they pay using some other paper-based or electronic means of payment.

Example

The price of the basket of shopping is 1.08 euros. The customer has to pay 1.10 euros in cash even if they have exactly 1.08 euros on them. If they choose a different means of payment, they will pay 1.08 euros.

WILL IT STILL BE POSSIBLE TO USE ONE AND TWO-CENT COINS AFTER THE ROUNDING RULE HAS BEEN INTRODUCED?

One and two-cent coins will remain legal tender for payment after the rounding rule comes in, so it will still be possible to pay with them and they must be accepted. One and two-cent coins could only be entirely removed from circulation by a decision taken by the European Union, and there are no plans for any such decision at present. Estonian law requires merchants to accept up to 50 valid circulating coins at any one go, regardless of their value.

When the rounding rule first comes in, it may inevitably happen that the change given to the customer includes one and two-cent coins. This will only happen for a time, because the number of one and two-cent coins in circulation will fall steadily after the introduction of the rule. Shopkeepers will certainly not need to hold separate stocks of small coins.

Example

A customer pays for a shopping basket costing 1.05 euros with a one-euro coin and a 10-cent coin. The shopkeeper has to give back five cents in change. If the shopkeeper does not have a five-cent coin, then two two-cent coins and one one-cent coin could be given in change instead.

Countries that have already applied the rounding rule have found that the number of one and two-cent coins in circulation falls a long way after the rule is introduced. They have also found that merchants do not need to hold separate stocks of small coins to give as change.

There may be occasional incidents after the rule is introduced where the merchant does not have enough small coins for change, and in that case the merchant and the customer have to agree between themselves what the best solution for them is, such as making the payment by card. If they cannot reach an agreement, then the purchase cannot be made.



Example

A customer pays for a shopping basket costing 1.05 euros with a one-euro coin and three two-cent coins, making a total of 1.06 euros. The shopkeeper should give back one cent in change. If the shopkeeper does not have a one-cent coin, then the shopkeeper and customer will have to reach an agreement. The customer might decide for example to pay by card so that there is no rounding rule, or they may waive the one cent in change, or the shopkeeper may agree to accept a smaller sum. If they cannot reach an agreement, then the purchase cannot be made.

HOW ARE PAYMENTS ROUNDED IF THEY ARE MADE AS A COMBINATION OF CASH AND SOME OTHER MEANS OF PAYMENT?

If a combination of cash and another means of payment such as a bank card, a gift card, a voucher or a mobile contactless payment is used to pay for goods or services, then only the part paid in cash is rounded and then only if the cash payment is the last one. The final price of the whole basket of shopping is rounded.

Example

The price of the basket of shopping is 28.44 euros.

The customer wants to pay 20.32 euros in cash and the rest on a bank card. The cash sum of 20.32 euros is not rounded. The 20.32 euros paid in cash is subtracted from the total price of 28.44 euros, leaving 8.12 euros. The customer pays 8.12 euros with their bank card and the rounding rule is not applied.

In the opposite case, where 8.12 euros is paid first with the bank card and then 20.32 euros in cash, the rounding rule applies and the amount to be paid in cash is 20.30 euros.

If the customer wants to pay for a basket of shopping partly with loyalty bonus points or similar, it is again only the part paid in cash that is rounded. Payments made with loyalty bonus points or something similar are not payments in cash, and so they are subtracted from the final price of the basket of shopping before the payment in cash or by another means of payment.

Example

The price of the basket of shopping is 28.44 euros. The customer wants to use their client points, which are worth 1.12 euros. They still need to pay 27.32 euros. If they pay in cash then the rounded final price of the basket of shopping will be 27.30 euros, and if they pay with a different means of payment then it will be 27.32 euros.

The rounding rule does not govern which order the different means of payment are used in when a customer makes a combined payment.



HOW DOES ROUNDING WORK WHEN MONEY HAS TO BE REFUNDED FOR GOODS AND SERVICES?

The rounding rule does not govern what form money should be refunded in. If the seller tells the buyer how money paid for goods or services will be refunded and the buyer agrees to those conditions, then a means of payment has been agreed between them.

The rounding rule applies for refunds of the money paid for goods or services that are returned if the payment was made in cash and the refund is given in cash.

If a basket of items with different prices is returned, the price of the whole basket is rounded. If only one item from the basket is returned, then the price of that individual item is rounded. If several items from within the basket are returned, then the final price of the new basket comprising those individual items is rounded. This also applies even if the final price that was paid in cash was not rounded. The same applies for services.

Examples

The buyer paid a rounded 30.75 euros for their basket of shopping. There were four items in the shopping basket that cost 2.28 euros, 15.32 euros, 11.99 euros, and 1.17 euros.

- a) The customer is refunded 30.75 euros in cash for the whole shopping basket.
- b) The customer wants a refund for one item that cost 2.28 euros, In this case the price of that item is rounded and the customer receives 2.30 euros back in cash.
- c) The customer wants a refund for the items that cost 2.28 euros and 11.99 euros. The prices of those items are added and that final amount is rounded from 14.27 euros to 14.25 euros. The customer receives 14.25 euros back in cash.

If the goods or services are being refunded to a means of payment other than cash, the rounding rule does not apply to the amount of the refund. This applies even if the buyer originally bought the goods or services using cash.

If the goods or services were originally paid for by some means other than cash but the seller and the customer agree to use cash for the refund, then the rounding rule is applied and the amount refunded is rounded to the nearest five cents.

Examples

The buyer paid 30.76 euros for their basket of shopping with a means other than cash. There were four items in the shopping basket that cost 2.28 euros, 15.32 euros, 11.99 euros, and 1.17 euros.

- a) The customer is refunded 30.75 euros in cash for the whole shopping basket.
- b) The customer wants a refund for one item that cost 2.28 euros, In this case the customer receives a rounded 2.30 euros back in cash.
- c) The customer wants a refund for the items that cost 2.28 euros and 11.99 euros. The prices of those items are added and that final amount is rounded from 14.27 euros to 14.25 euros. The customer receives 14.25 euros back in cash.



If the goods or services were paid for in a combined form that was partly in cash and partly with another means of payment, then it does not matter which order the means of payment were used in to pay for the goods or services. It only matters what order that the means of payment used for the refund are in. The rounding rule also applies when a refund for goods or services that have been paid for is given in cash.

Examples

The price of a basket of shopping is 28.44 euros. The buyer paid the first 20.32 euros in cash and the remaining 8.12 euros with some other means of payment, or paid the first 8.12 euros with some other means of payment and the remaining amount paid in cash was rounded to 20.30 euros.

- a) The money is returned only as the other means of payment.
 - a. The refund for the full basket of 28.44 euros goes to the other means of payment.
 - b. The customer wants a refund for one item that cost 2.28 euros, and so 2.28 euros is returned to the other means of payment.
 - c. The customer wants a refund for the items that cost 2.28 euros and 11.99 euros, and so 14.27 euros is returned to the other means of payment.
- b) The money is returned only in cash.
 - a. The refund for the full basket is given in cash and rounded to 28.45 euros.
 - b. The customer wants a refund for one item that cost 2.28 euros, so a rounded 2.30 euros is given in cash.
 - c. The customer wants a refund for the items that cost 2.28 euros and 11.99 euros, so a rounded 14.25 euros is given in cash.
- c) The money is returned as a combination of cash and the other means of payment.
 - a. The customer could receive 20.30 euros in cash and 8.14 euros in the other means of payment for the whole basket.
 - b. The customer wants a refund for one item that cost 2.28 euros. The customer could receive 2.00 euros in cash and 0.28 euro in the other means of payment.
 - c. The customer wants a refund for two items that cost 2.28 euros and 11.99 euros. The prices of those items are added and that final amount is 14.27 euros. The customer could receive 10.25 euros in cash and 4.02 euros in the other means of payment.

The basket of shopping costs less than three cents. The final amount of the refund is not rounded if the price of the basket is below three cents. One and two-cent coins are not used for refunds.

- a) A payment of 0.02 euro was made for the basket of shopping only in cash.
 - a. The buyer and seller agree that the refund for the full basket of 0.02 euro will go to the other means of payment.



- b. The customer wants a refund for one item that cost 0.01 euro, and so the buyer and seller agree that 0.01 euro will be returned to the other means of payment.
 - c. The customer wants a refund for products and services that in total cost 0.01 euro, and so the buyer and seller agree that 0.01 euro will be returned to the other means of payment.
- b) A payment of 0.02 euro was made for the basket of shopping only with another means of payment.
- a. The customer is refunded 0.02 euro for the whole shopping basket to the other means of payment.
 - b. The customer wants a refund for one item that cost 0.01 euro. The customer is refunded 0.01 euro to the other means of payment.
 - c. The customer wants a refund for products and services that in total cost 0.01 euro. The customer is refunded 0.01 euro to the other means of payment.
- c) The price of the basket of shopping of 0.02 euro was paid in a combination of cash and another means of payment in any order.
- a. The customer is refunded 0.02 euro for the whole shopping basket to the other means of payment.
 - b. The customer wants a refund for one item that cost 0.01 euro. The customer is refunded 0.01 euro to the other means of payment.
 - c. The customer wants a refund for products and services that in total cost 0.01 euro. The customer is refunded 0.01 euro to the other means of payment.

HOW DOES ROUNDING WORK WHEN DEPOSITS ON PACKAGING ARE RETURNED?

The rounding rule must be applied if the deposit for packaging is returned in cash.

Examples

The deposit for packaging to be returned to the customer is 1.12 euros.

- a) If the customer wants to receive money for the amount of the deposit, then they are paid a rounded 1.10 euros in cash or the full 1.12 euros in another means of payment.
- b) If the value of the deposit is used in part payment for a basket of shopping, then that value is subtracted from the final price of the basket of shopping before payment is made in cash or any other means of payment. If the final price of the basket of shopping is 5.30 euros, then the deposit refund of 1.12 euros is subtracted from that amount and the remaining 4.18 euros is to be paid by the customer in whichever form is agreed.
- c) If the customer pays for the basket of shopping using the deposit refund, but the final price of the basket of shopping is smaller than the value of that refund, then the part of the refund paid



out in cash by the cashier is rounded. If the final price of the basket of shopping is 1.00 euro, the customer can use the deposit refund to pay for it, and the remaining 0.12 euro is paid in cash as a rounded 0.10 euro. If it is paid as another means of payment then the amount remains 0.12 euro.

HOW IS THE RETAIL PRICE OF CIGARETTES ROUNDED?

If the customer wants to buy one pack of cigarettes and pay in cash, then the price is rounded as set out by law.

The revenue stamp on tobacco products will change in 2025, and the prices with the new revenue stamp will be required to be a multiple of five cents. If rounding is required during the first three months of 2025, because of old revenue stamps for example, then the rule will need to be applied.

The transition to the new revenue stamps will take three months, and so products with the old revenue stamps may remain on sale until 31 March 2025. Companies can already order the revenue stamps for cigarettes that are printed with a retail price set to the nearest 0.05 euro. Under § 62(3) of the Alcohol, Tobacco, Fuel and Electricity Excise Duty Act, the retail price of cigarettes and cigarillos allowed for consumption from 2024 must be set to the nearest 0.10 euro. Data from 2023 show that the prices of cigarettes are generally set to the nearest five or ten cents. Only in one case was the price set to the nearest seven cents. The prices of cigars and cigarillos are also generally set to the nearest five or ten cents.

HOW SHOULD CUSTOMERS BE INFORMED ABOUT THE ROUNDING RULE?

The rounding rule will make paying in cash simpler and quicker and will reduce the costs of handling cash over the long term. There will though be one-off costs from the change for shopkeepers, who will need development work to be done in their cash till systems and financial software. They will also have to think about how they will inform their customers about the change.

The rounded final price that is to be paid in euros in cash in physical points of sale for goods or services will have to be shown so that it can easily be distinguished from the unit prices and final price of the goods or services. It needs to be clearly understandable for the customer that there may be a difference between the sales and unit prices of goods or the final price of services, and the final price that actually needs to be paid when the rounding rule is applied.

Since it is the final price to be paid that must be rounded, then this can only be done when the goods or services are paid for. This makes it important for the final prices to be displayed clearly and correctly to the customer before they pay. The rounded amount also needs to be shown with the final price to be paid. Then the customer can understand when they choose which means of payment to use how the rounding will have affected the final price of the whole basket of shopping. If something costs 3.76 euros for example, the final price of it when paying in cash is 3.75 euros, but if a different means of payment such as a bank card is used then the final price remains the price advertised for the item of 3.76 euros.

In the interests of transparency and of avoiding any misunderstandings, it is recommended that the amounts for the transaction should be shown at the cash tills on a screen that faces the customer, while in markets the information could be stated clearly to the customer. The rounded amount can also be shown on the bill or receipt after the purchase has been made.



WHERE CAN I FIND MORE INFORMATION?

Act on Introduction of Euro in Riigi Teataja, to be superseded from 01.01.2025

<https://www.riigiteataja.ee/en/eli/501032016001/consolide>

Alcohol, Tobacco, Fuel and Electricity Excise Duty Act in Riigi Teataja, to be superseded from 01.01.2025

<https://www.riigiteataja.ee/en/eli/505082024002/consolide>

Consumer Protection Act in Riigi Teataja, to be superseded from 01.01.2025

<https://www.riigiteataja.ee/en/eli/505072024002/consolide>

Draft of legislative changes (in Estonian only)

<https://www.riigikogu.ee/tegevus/eelnoud/eelnou/b22ad089-ab5e-40cb-8c04-8a0c9180d0e7/euro-kasutusele-votmise-seaduse-muutmise-ja-sellega-seonduvalt-teiste-seaduste-muutmise-seadus/>

