

U.S. DEPARTMENT OF THE TREASURY

Penny Production Cessation FAQs

December 23, 2025

The following recommendations are non-binding guidance. All must comply with otherwise applicable restrictions.

Frequently Asked Questions: Businesses

Why is penny production being suspended?

Over the past 10 years, the total production cost of the penny has risen from 1.3 cents to 3.69 cents per penny. These production costs include materials, facilities, and overhead. The U.S. Mint projects an immediate annual savings of \$56 million in reduced material costs by stopping penny production. Given the increasing number of non-cash transactions and the very low purchasing power of a single penny, the Department of the Treasury does not believe continued production is fiscally responsible or necessary to meet the needs of commerce in the United States. The Secretary of the Treasury has the authority under federal law (31 U.S.C. §§ 5111(a)(1) and 5112(a)(6)) to mint and issue pennies in amounts necessary to meet the needs of the United States. Secretary Bessent, working closely with President Trump, is exercising that authority to better steward taxpayer dollars.

When will the Government stop distributing the penny?

The federal government has stopped manufacturing new pennies, but the Federal Reserve will continue to recirculate the roughly 114 billion pennies currently in existence for as long as possible. How long existing pennies remain in circulation depends largely on consumer behavior.

The Treasury Department encourages the public to spend their on-hand pennies to support a smooth transition and allow retailers and point-of-sale (POS) system providers time to adapt. This initiative aims to help keep the existing supply in circulation, ensuring clarity and fairness at the point of sale during the transition.

How should my business respond as the supply of pennies drops?

As pennies fall out of circulation, merchants will need to round transactions either up or down to the nearest five cents. However, most states require sales tax to be calculated on the final sale price rounded to the nearest penny. How states and localities will ultimately amend their sales tax laws is the right and responsibility of those jurisdictions. Recent guidance from the National Council of State Legislators gives some indication how states may adapt. The NCSL's November 21, 2025 report entitled *Elimination of the Penny: Cents-able Considerations* states: "The most recommended form of rounding is

symmetrical rounding whereby if the final digit of the total transaction amount (including taxes) is 1, 2, 6, or 7 cents, the amount is rounded down to the nearest multiple of five. If the final digit is 3, 4, 8, or 9 cents, the amount is rounded up. Transactions totaling exactly \$0.01 or \$0.02 might be rounded up to \$0.05. Rounding rules would not apply to payments made via electronic methods, checks, gift cards, or other non-cash instruments.”

Are businesses required to accept pennies after they are no longer distributed?

Retailers should continue accepting pennies and providing penny change for cash transactions while the coin remains in circulation. When penny change is not available, businesses may round the final amount of a cash transaction to the nearest five-cent increment, recognizing that states will approach this issue differently based on unique considerations. The penny will remain legal tender, meaning it retains its status as an acceptable form of payment.

We recommend that non-cash transactions, such as payments made by check, credit card, or debit card, continue being priced and processed to the exact cent.

Businesses should apply rounding practices in a fair, consistent, and transparent manner.

How will accepting foreign currencies, government checks, gift cards, and split payments be affected by rounding?

We recommend that rounding be applied only to cash payments. Payments made with foreign currencies, government checks, gift cards, or split payments can be settled to the exact amount without the need for rounding adjustments.

Will the price rounding increase overall consumer prices?

There is no impact on non-cash transactions. For cash transactions, final transaction prices will be rounded down just as often as they will be rounded up, so there should be no overall effect on consumer prices

When a consumer requests a refund, is the amount subject to rounding?

As is the case now, businesses can set their own refund policies. However, if a refund is paid in cash and pennies are not used, businesses should round the final amount in a fair and transparent manner.

Will businesses need to update cash registers for rounding?

This is a decision to be made by each individual business.

As pennies fall out of circulation and states adapt their laws and policies accordingly, we recommend rounding for cash payments should take place only after all duties, fees, and taxes have been calculated. Businesses may choose to update their point-of-sale systems to automatically apply rounding for cash transactions. Doing so can enhance transparency and improve the customer experience by clearly displaying the rounding adjustment on receipts.

To support a smooth transition, the Treasury Department is actively

collaborating with point-of-sale (POS) system providers to ensure their systems are properly equipped to handle rounding and accurately calculate sales taxes.

Where can I find more information on the impact of phasing out the penny on sales taxes?

For more information on how the phase-out of the penny may affect sales taxes and income taxes, you can consult your state's tax authority for specific guidelines and updates.

Will businesses be able to redeem pennies with their financial institutions?

Businesses may continue to deposit pennies at their financial institutions. Pennies will continue to be legal tender and retain their nominal value in perpetuity.

Frequently Asked Questions: Consumers

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Can I still use pennies for buying goods and services?

Yes, the penny will retain its full monetary value indefinitely. It will continue to be recognized as legal tender, allowing consumers to use pennies for cash transactions at businesses that choose to accept them, even after new pennies are no longer produced and distributed.

However, as pennies gradually phase out of circulation, Point of Sale (POS) system providers are encouraged to collaborate closely with retailers to implement rounding functionality for cash transactions, rounding to the nearest five cents.

It is essential for retailers to proactively inform and train their employees on any updates to business procedures and POS system features ahead of this transition. Doing so will help ensure that cash transactions are rounded smoothly and accurately, while maintaining customer confidence.

Will the price rounding increase overall prices for the products I buy?

There is no impact on non-cash transactions. For cash transactions, as final transaction prices will be rounded down just as often as they will be rounded up, so there should be no overall effect on consumer prices.

Are financial institutions required to accept my pennies?

Consumers may continue to deposit pennies at their financial institutions. For deposit of larger quantities, some banks may require that coins be rolled or wrapped prior to deposit. It is recommended that consumers consult their bank in advance to confirm specific guidelines and ensure a smooth deposit process.

Will rounding affect the sales tax I have to pay?

The amount of sales tax is determined by state and local law, but in general, rounding for cash transactions should not impact the amount of sales tax consumers are required to pay. We anticipate that sales tax will continue to be calculated based on the exact total of a purchase before any rounding is applied. Individual states may approach this issue differently based on unique considerations.