



## **Central Bank of The Bahamas**

### **FAQS: Elimination of the One Cent Coin**

The Bahamian one cent coin or the “penny” is being phased out of circulation. After the end of 2020 it will no longer be legal tender in The Bahamas. It is further proposed that circulation of or acceptance of US pennies will cease at the same time as the Bahamian coin.

#### **Why is the one cent coin or penny being phased out?**

- Rising cost of production relative to face value
- Increased accumulation and non-use of pennies
- The significant handling cost of pennies

#### **When will the Central Bank stop distributing the penny?**

- The Central Bank will stop distributing pennies to commercial banks on the 31<sup>st</sup> January 2020.
- Financial institutions will no longer be providing new supplies of the coins to consumers and businesses.

#### **Are businesses required to accept pennies after the end of January 2020?**

- **NO.**
- Businesses may decide to stop accepting pennies anytime after the end of January 2020.

#### **Can businesses continue to accept pennies after the end of December 2020?**

- **NO.**
- Businesses will not be able to accept payment or give change in one cent pieces after the end of December 2020.
- All cash payments will to be rounded to the nearest five cents.

#### **How will cash amounts be rounded?**

- Business must round the total amount due to the nearest five cents
- If your total bill is \$9.42 or \$9.41. The nearest five cents to either of these would be \$9.40
- If your total bill is \$9.43 or \$9.44, the nearest five cents to either of these would be \$9.45.

**Can businesses refuse at any time to accept pennies?**

- **YES.**
- Businesses may decide at any point during 2020 to stop accepting pennies.
- From that point on, they must rounds all cash transactions to the nearest five cents.

**Are businesses obligated to follow the symmetrical rounding guidelines proposed by the Central Bank?**

- **YES.**
- ALL Businesses **MUST** round the final amount of any cash payment to the nearest five cents.

**Are businesses allowed to round the prices of individual items?**

- **NO.**
- Only the final amount in a cash transaction, after all taxes and fees should be rounded.
- Individual items, must be totaled together first.

**How will accepting US currency, government cheques, gift cards and split payments be affected by rounding?**

- ALL cash payments, including payments in US currency will be subject to rounding.
- Payments made using non-cash methods such as cheques and electronic payments—debit, credit and other payments cards such as gift cards and prepaid credit cards—do not need to be rounded.

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

- Refunds would match the rounded amounts paid on the original receipt.
- Non-cash refunds do not have to be rounded up or down.

**Will businesses need to update cash registers for rounding?**

- **NO.**
- However, for convenience and transparency, businesses may choose to update their cash registers to automatically calculate rounding for cash transactions and showing the rounding on receipts.

**How will the VAT be calculated without a penny?**

- The VAT will be calculated in the same manner as before.
- For any cash payment, only the final amount (or equivalently, the change owed) should be subject to rounding.
- Payments made using non-cash methods will not need to be rounded.

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

- Businesses can continue to deposit pennies at their financial institutions until 31<sup>st</sup> December 2020.
- Financial institutions may require large amounts of pennies to be rolled or wrapped for deposit.
- Businesses should consult their financial institutions in advance to determine how best to make deposits in large volumes.

**Where can pennies be redeemed?**

- Pennies may be redeemed at any commercial bank, credit union, or any Post Office branch in the Family Island.
- Pennies will be required to be properly rolled prior to redemption.

**Can I redeem US pennies?**

- **NO**
- The Central Bank will not redeem US pennies.
- Commercial banks may redeem US coins, but these will have to be sorted separately from the Bahamian ones.

\*\*\*\*\*The penny will retain its value until 30<sup>th</sup> June 2021.

For further information please see [www.centralbank.bahamas.com](http://www.centralbank.bahamas.com)