



This Week in State Tax (TWIST)

December 8, 2025



Multistate: Tax administrators issue guidance on rounding in wake of penny shortages

The United States Mint produced the last penny on November 12, 2025. As reported by several national news outlets, some retailers are experiencing a shortage of pennies and are struggling to develop acceptable policies for handling cash transactions and sales tax matters when neither the customer nor the retailer can make exact change. Iowa and Texas have recently given taxpayers a penny for their thoughts, by issuing guidance to clarify sales tax obligations as businesses respond to the demise of the penny.

Iowa: The Department of Revenue issued [a statement](#) that retailers must continue to calculate and collect sales tax on the exact taxable sales price prior to any rounding, and that rounding cash transactions after the computation of tax will not affect the amount of tax collected and remitted to the Department. When filing returns, businesses should report the gross sales and sales tax numbers, before any rounding is applied.

Texas: The Comptroller of Public Accounts has issued [Memo 202512001M](#) setting forth the Lone Star State approach to cash transactions when exact change is not available. Per the policy, retailers must calculate sales tax based on the actual sales price and remit that amount of tax to the Comptroller. If a business has a policy of rounding the total transaction to the nearest nickel, regardless of up or down, the Comptroller will not adjust the tax owed. However, if rounding goes beyond the next highest or lowest nickel (e.g., rounding \$324.74 to the nearest dollar, \$325), the entire rounding amount is treated as additional sales price, and sales tax must be recalculated for reporting and remittance purposes.

The memo also indicates that for payments of tax in cash at Comptroller offices, the Comptroller will round transactions down to the nearest nickel if a shortage of pennies prevents payment of the exact amount owed.

For questions on the Iowa guidance, contact [Crystal Hildebrand](#); for Texas, reach out to [Sarah Vergel de Dios](#). The National Conference of State Legislatures has also published [a report](#) outlining the issues and options available in light of the cessation of penny production.

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