

This Week in State Tax (TWIST)

December 22, 2025



Multistate: Georgia and Michigan offer two cents on rounding

In response to the federal phase-out of the penny, more states are providing guidance for taxpayers on handling the application of sales tax to transactions that require rounding because of the inability to make exact change. Georgia and Michigan recently added their voice to the discussion.

Georgia: The Department of Revenue issued [Policy Bulletin SUT 2025-02](#), which clarified that dealers must calculate and collect sales tax on the actual sales price of the taxable items. If the total amount to be collected cannot be done without pennies, then the dealer may round the total up or down to the nearest nickel; this leaves the taxable base and amount of tax collected unchanged. The bulletin emphasizes that rounding adjustments should not exceed four cents.

Michigan: The Department of Treasury issued a [notice on December 8](#), explaining that, statutorily, sales and use tax must be computed to the third decimal place and rounded up or down to the nearest whole cent. Beyond this, the retailer is allowed to round up or down as they choose to address any shortage of pennies; the taxable base and tax amount collected and remitted will not be affected. For the sake of tracking and compliance, the Department recommends recording any rounding adjustments separately.

This guidance is similar to that issued earlier by Iowa and Texas, as covered in the [TWIST on December 8](#). For any questions regarding Georgia, please reach out to [Ben Cella](#); for Michigan, please contact [Dave Perry](#).

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