

25 September 2019

**REPRESENTATIVE WESLIE GATCHALIAN**

Chairperson  
Committee on Trade and Industry  
House of Representatives  
Batasan Complex, Batasan Hills  
Quezon City

Dear **Representative Gatchalian**:

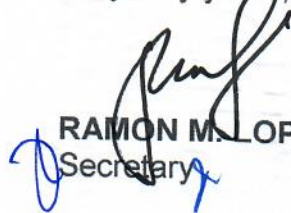
We are pleased to submit the Department's position on House Bill No. 814, entitled:

**“An Act Governing the Rounding of the Total Amount of Cash Transactions”**

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,

  
**RAMON M. LOPEZ**  
Secretary



OFFICE OF THE SECRETARY

DTI Position on

**House Bill No. 814**

**An Act Governing the Rounding of the Total Amount of Cash Transactions**

The Department expresses its reservations on the proposed price rounding mechanism on net sales of cash transactions as it runs counter to the provisions of Republic Act (RA) No. 10909 or the "No Shortchanging Act of 2016." Section 4 of RA No. 10909 explicitly provides that:

*"Sec. 4. Regulated Acts. – It shall be the duty of the business establishment to give the **exact change** to the consumer without waiting for the consumer to ask for the same.*

*(a) In General. – It shall be unlawful for any business establishment to shortchange a consumer, **even if such change is only of a small amount**. Nothing in this Act shall be construed as a restriction for business establishments to give an amount greater than the sufficient change."*

We do note that shortchanging would only apply if the price of cash transactions is rounded up. RA No. 10909 does not prohibit establishments from giving excess change to their customers.

The Department also wishes to highlight Section 6 of the proposal, viz:

*"Sec. 6. The No Shortchanging Act of 2016. – For the avoidance of doubt, any change that is given to a consumer after application of price rounding pursuant to this Act shall not be considered a violation of Republic Act No. 10909 or the "No Shortchanging Act of 2016."*

We view that instances of shortchanging may still occur even after price rounding (e.g., unavailability of coin denominations such as 25 centavos, one peso, etc.). Price-rounded transactions should not be assumed as automatically compliant to the provisions of RA No. 10909. As written, Section 6 seems to weaken or minimize RA No. 10909, effectively letting this measure, when enacted into law, prevail over RA No. 10909.

As maintained by the proposed bill, establishments are expected to adopt simplified price structures in the facilitation of business transactions upon the implementation of price rounding. However, the DTI opines that retailers cannot be simply expected to simplify price structures voluntarily or immediately given that they have the probability of earning more when net prices are rounded up.

Establishments should instead be encouraged and/or incentivized to accept cashless transactions (e.g., debit/credit cards, electronic money, etc.) or acquire

the means to conduct such payments. It would be in line with the Bangko Sentral ng Pilipinas (BSP) thrust of accelerating the growth of digital payments in the Philippines. It also complements the objective of RA No. 11127 or the National Payment Systems Act in promoting the safe, secured, efficient, and reliable operation of payment systems.

While the Department acknowledges the ultimate objectives of price rounding to eliminate low-denomination coins (P0.01 and P0.05) and simplify the country's coin structure, it should not inconvenience consumers (with their hard-earned money) and businesses (with adjustments in accounting/printing receipts and invoices). We believe that there are other means or regulations that could best address these concerns. We defer to the BSP in this regard.

*Kayapin Chay*

**Bureau of Trade and Industrial Policy Research**

**13 September 2019**

Ref: BTIPR-092019-66

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