

# CONSULTATION PAPER

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# Proposal for New Legal Tender Limit for Coins

MAS

Monetary Authority of Singapore

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## 1 Preface

1.1 Under the Currency Act, limits are placed on the amount of each coin denomination that can be used for payment. These are known as legal tender limits and the rationale for having them is to minimise the payee's inconvenience and cost in handling large quantities of low denomination currency. A payee is obliged to accept payment up to these limits but may reject payments exceeding these limits.

1.2 In 2014, two cases on the use of coins for payment of large amounts were reported in the media. Following these reports, some members of the public expressed the need to place a legal tender limit on one-dollar coins to prevent similar abuses. MAS has since completed a review of the legal tender limits for the various denominations of coins, including the one-dollar coin.

1.3 MAS invites comments from interested parties on the proposed new legal tender limit for coins.

**Please note that all submissions received will be published and attributed to the respective respondents unless they expressly request MAS not to do so. As such, if respondents would like (i) their whole submission or part of it, or (ii) their identity, or both, to be kept confidential, please expressly state so in the submission to MAS. In addition, MAS reserves the right not to publish any submission received where MAS considers it not in the public interest to do so, such as where the submission appears to be libellous or offensive.**

1.4 Please submit written comments by 06 April 2017 to –

Currency Department  
Monetary Authority of Singapore  
109 Pasir Panjang Rd, Currency House  
Singapore 118536  
Fax: (65) 63494700  
Email: [coin\\_limits@mas.gov.sg](mailto:coin_limits@mas.gov.sg)

1.5 Electronic submission is encouraged. We would appreciate that you use this suggested format [[Submission format](#)] for your submission to ease our collation efforts.

## **2 Current legal tender limits for coins**

2.1 The existing legal tender limits under the Currency Act are:

- (a) For denominations of less than 50 cents (i.e. 5-cent, 10-cent and 20-cent) – S\$2 per denomination

This means that a payee is obliged to accept up to 40 pieces of 5-cent coins, 20 pieces of 10-cent coins and 10 pieces of 20-cent coins per transaction. For example, if a payee were to receive S\$5 in 10-cent coins, he is obliged to accept only S\$2 and the remaining S\$3 has to be paid in another currency denomination.

- (b) For 50-cent coins – S\$10.

This means that a payee is obliged to accept up to 20 pieces of 50-cent coins per transaction.

2.2 There are no limits for payment by one-dollar coins.

2.3 As the payment for goods and services is a matter of contract or private agreement between a buyer and a seller, both the buyer and seller can specify and agree on how the payment is to be made before entering into a transaction. In accordance with this principle, the Currency Act provides that if a payee, i.e. seller, does not wish to accept certain denominations of currency notes or coins as payment or wishes to limit the quantity of coins used in a transaction, he must provide a written notice of this to his payer. Otherwise, all denominations of the coins (up to the legal tender limits) or currency notes tendered by the payer as payment must be accepted. The legal tender limit does not prevent the payee and payer from transacting using quantities above the legal tender limit, should both parties be agreeable on how the transaction is to be done.

### **3 Proposed new legal tender limit for coins**

3.1 MAS is proposing a uniform legal tender limit of 10 coins per denomination, across all denominations, in a single transaction. This means that a payer can use up to 10 pieces each of 5-cent, 10-cent, 20-cent, 50-cent and one-dollar coins per transaction.

3.2 For example, a payee may legally refuse to accept 20 pieces of 5-cent coins for payment of \$1, but he is obliged to accept the payment if the payer uses 10 pieces of 5-cent coins and 5 pieces of 10-cent coins.

3.3 The key factors considered in the proposal are:

- (a) Keeping the limits simple, intuitive and easy to remember.
- (b) The limits should serve the objectives of preventing acts of mischief, minimising inconvenience and cost in handling large quantities of low denomination currency.

3.4 In setting the limit at 10 coins per denomination, MAS had surveyed a random sample of members of the public (from the payer's perspective), as well as sought the views of various business associations (from the payee's perspective). The limit of 10 coins per denomination strikes a good balance between the interests of payers, who would want to be able to pay with as many coins as possible and payees, who would want a limit on the number of coins acceptable for payment to minimise inconvenience to them.

## 4 Feedback Sought

4.1 As the change in legal tender limits for coins will impact the public's use of coins, MAS seeks views on the proposal to adopt a uniform legal tender limit of 10 coins per denomination, across all denominations, in a single transaction.

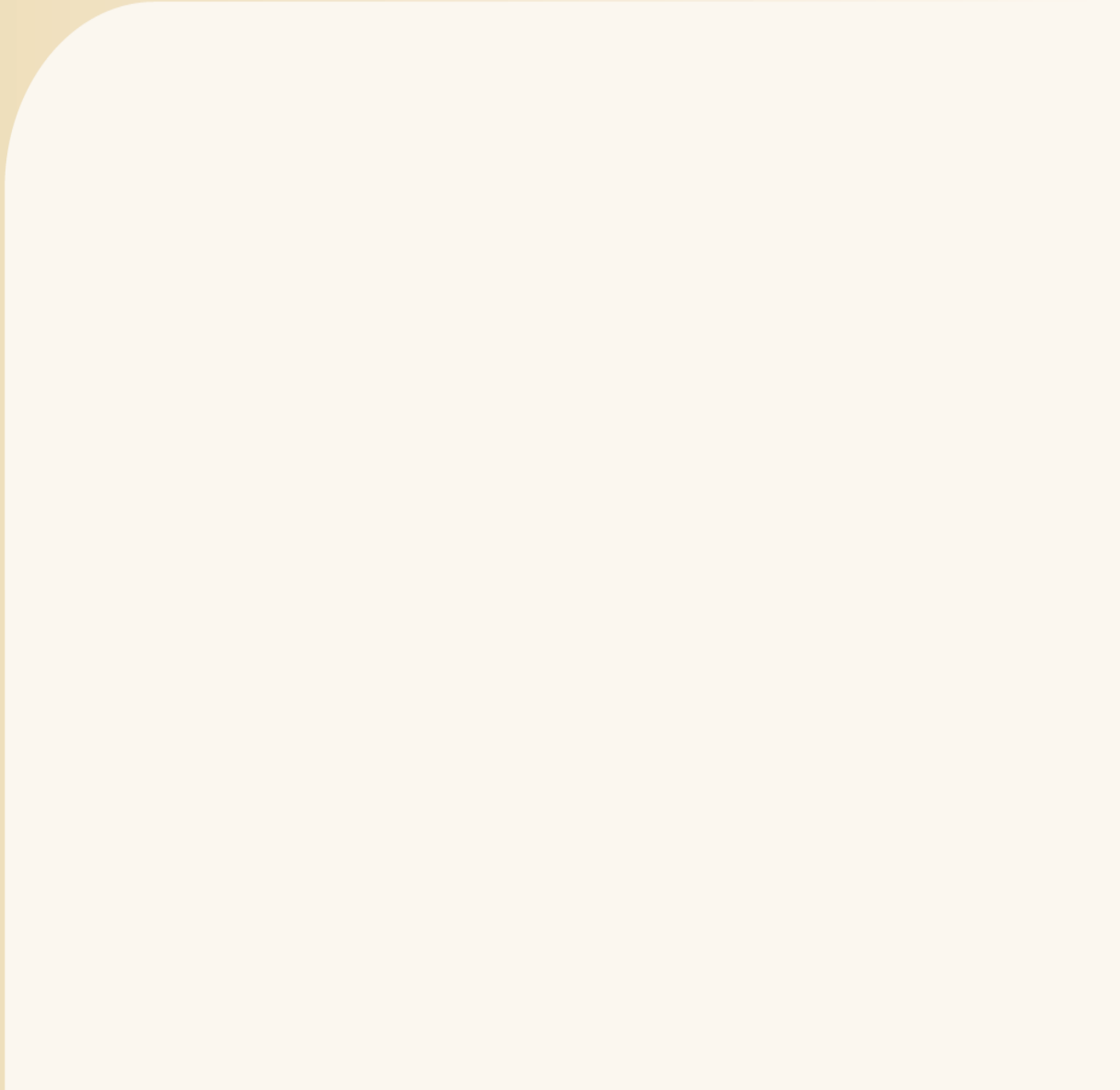
**Question 1.** Are you in favour of the proposal to have a uniform legal tender limit of 10 pieces of coins per denomination, across all denominations of coins, in a single transaction?

**Question 2.** If yes, please give your reasons. If no, please explain your concerns.

**Question 3.** If you have other suggestions for the legal tender limits for coins, please share your alternatives and the reasons behind your suggestions.

**Annex A****LIST OF QUESTIONS**

- Question 1.** Are you in favour of the proposal to have a uniform legal tender limit of 10 pieces of coins per denomination, across all denominations of coins, in a single transaction? .....6
- Question 2.** If yes, please give your reasons. If no, please explain your concerns.....6
- Question 3.** If you have other suggestions for the legal tender limits for coins, please share your alternatives and the reasons behind your suggestions.....6



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