

Legal tender of the euro: Q&A on the new Commission recommendation

(see [IP/10/331](#))

1. Why was a EU initiative necessary?

Since the introduction of the euro, the status of legal tender of euro banknotes and coins is a European matter. Even though, the Lisbon Treaty and the Regulations set basic principles, the concrete effects of the legal tender of euro banknotes and coins for citizens in their daily life may still differ across euro area Member States, depending on the pre-euro legal traditions. This diversity of situations may be a source of confusion for the citizen and is not a satisfactory regime for a single currency. The purpose of the Commission recommendation *on the scope and effects of legal tender of euro banknotes and coins* is therefore to provide guidance to the citizen willing to pay with euro cash in the euro area.

2. Why a recommendation and not a regulation?

This new Recommendation is based on a thorough assessment of the existing situations at national level. The objective is to foster convergence within the euro area by favouring the diffusion of best practices. The Recommendation comprises a review clause: the Commission will assess its implementation in three years and examine whether regulatory measures are needed.

3. Can a retailer refuse euro banknotes and coins as means of payment in the Euro Area?

One of the main features of the legal tender status is the mandatory acceptance. A retailer should not refuse cash unless the refusal is based on reasons related to the good faith principle, for example when the retailer does not have enough euro cash to give the change back; or when there is a disproportion between the amount to be paid and the face value of the banknote. The refusal of cash payments cannot be permanent. Such a practice would be contrary to the Recommendation and to the very concept of legal tender.

4. If a retailer does not want to accept 200 € and 500 € banknotes, is it fine if he/she puts a sign in his/her shop saying so?

A refusal of high denomination banknotes is only possible if justified by reasons related to the good faith principle, on a case by case basis. Putting a sign in a shop is a clear evidence of the permanent nature of the refusal, which presumably cannot be based on good faith reasons.

5. Can retailers impose surcharges on cash payments?

No surcharges can be imposed on payments in cash. Surcharging cash payments would be contrary to one core element of the definition of legal tender which is the power to discharge from payment obligations by tendering the exact amount.

6. What is a banknote stained by an Intelligent Banknote Neutralisation System (IBNS)?

Intelligent Banknote Neutralisation Systems (IBNS) are smart devices used to transport cash in a secure way. In case of unauthorised attempt to access cash, the banknotes are stained with a dark security ink. The security ink can normally not be washed out without deteriorating the visual appearance of the banknote and the security features.

7. What shall I do with a stained euro banknote?

You should bring it back to the Central Bank as there is a high probability that a stained banknote is the product of a theft. By bringing it back to the Central Bank, you withdraw it from circulation and help the competent authorities in conducting the appropriate investigations. Communication on stained euro banknotes should be enhanced in the near future, in close cooperation with the European Central Bank and the National Central Banks.

8. If I burn or destroy a euro banknote/coin of mine, can I be prosecuted?

The destruction of small quantities of euro banknotes or coins by an individual should neither be prohibited nor penalised. The justification for the non-prohibition is the fact that the lawful owner of a banknote should be able to do what he/she wants with his/her own good as long as there is no impact on third parties. Damaged banknotes should not be brought back into circulation. The unauthorized destruction of large quantities of euro banknotes or coins should however be prohibited.

9. I would like to use euro banknotes and coins to create a piece of art: would this be allowed?

Mutilation or alteration of euro banknotes or coins for artistic purposes benefits from a general exemption and is tolerated. Intentionally mutilated or altered euro banknotes or coins should however not be brought back into circulation.

10. Can I still pay with 1 and 2 euro cents in the Member States that have adopted rounding rules to the nearest five cent?

In Member States where rounding regimes to the nearest five cents have already been adopted, 1 and 2 euro cents coins remain legal tender and should continue to be accepted in payments (for example, if a sum is rounded up to 5 cents, one could nevertheless pay this amount with coins of 1 and 2 euro cents).

11. Am I allowed to use collector coins issued by my Member State as means of payment?

Though Euro collector coins are legal tender in the Member State of issuance, this legal tender aims only at distinguishing them from medals. Collector coins should not be used as means of payments. Member States should take all appropriate measures to prevent these coins from circulating (for example, by special packaging, clear communication, use of precious metal, sale prices above face value).