

# Undercharge Guidelines

*Last Revision: January 27, 2011*

[Back to Table of Contents](#)

 [NIST Handbook 130](#)  
Examination Procedure  
for Price Verification

## Background

The drafters of the Price Verification Code include representatives from the Retail Merchants Federation along with NIST, OWM and NCWM. The goal of the Price Verification Code and the scanner inspection program is to ensure the customer is not overcharged. In NIST HB 130: Examination Procedure for Price Verification, Undercharge errors found 24 hours in advance of price reduction (store sales) are defined as intentional undercharges and are non-violation errors.

## Policy

At the conclusion of the price verification inspection, if undercharges are recorded, ask the store manager/scanning coordinator for documentation of price changes in progress. Acceptable documentation could include, but is not limited to: dated sales flyers, price changing documents, or actual sale signage set to be posted that day for a sale starting 24 hours or less from that time. Errors of this type are called intentional undercharges. If store personnel can produce documentary evidence of an "intentional undercharge" the undercharge error shall be considered a non-violation error. This error should not be included in a store's evaluation of compliance.

For intentional undercharges the following guidelines should be applied:

1. When product is advertised as "3 for \$1.00", rounding of individual items is permissible. There are no specific rules in NIST HB 130 that pertain to price rounding. Three for one dollar would break down to 34 cents for the first item and 33 cents for subsequent items. This is acceptable and should not be considered a pricing error.
2. The practice of some retailers using Price Point (all prices end with the same number) advertising is permitted and treated as an intentional undercharge provided the store has a written policy on the specific price points to be used. Stores may use multiple price points for seasonal, clearance and sale items. An example of a regular priced \$10.00 item on a rack for "30% off" would calculate to \$7.00, but if 9 cents was the store's price point policy then a price of \$6.99 would be acceptable.
3. Signage that includes a discount percent range stating "up to 40% off" is considered correct as long as the discounted item price falls within the discount range. If the signage states "40% or more off" then the item price is correct as long as the discount price calculates to no more than 60% percent of the original price.

For undercharges resulting from multi-location stocked items with missing sale signage:

If a selected item is stocked in multiple locations with multiple prices advertised the error is an undercharge and a misrepresentation of price per § 98.26(1)(c) Wis. Stats.

*Effective Date: August 14, 2002*

*Revised: January 31, 2008*