

# *Mesa Redonda responds to concerns about Cuba's economic order*

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Havana, October 14 (RHC)-- As a continuation of the broadcasts of the Mesa Redonda on Monday and Tuesday evening, the prime-time radio and TV program this Wednesday is dedicated to answering questions about the economic and social strategy to face the crisis generated by the economic, commercial and financial blockade of the government of the United States towards Cuba; and worsened by the impacts of COVID-19.

The Deputy Prime Minister and Minister of Economy Alejandro Gil Fernández, and the head of the Commission for the Implementation of the Guidelines, Marino Murillo Jorge, answered the opinions and concerns of the people about the important economic issues analyzed on the previous programs. They discussed the process of monetary and exchange order in Cuba, which implies a new exchange rate, the elimination of excessive subsidies and undue gratuitousness, and a modification in the distribution of

income.

### **Is it correct that the current salaries will be multiplied by 4.9?**

Marino Murillo Jorge, head of the Commission for the Implementation of the Guidelines said, in response to several questions related to the issue of salary increases, that salaries will increase 4.9 times, while pensions will increase five times.

"Pensions and salaries are going up. Many doubts are referred to whether the current salary of people was multiplied by the number I said. What I explained yesterday is that the 4.9 is the result of the following calculation: take the current salary fund and the reform salary fund, and when you divide those two numbers, the result is 4.9. Therefore, it is an average growth of the salary amount."

"Today, the country pays about 30 billion pesos of salary fund, and that is going to grow 4.9 times," he reiterated. "Not necessarily all salaries are going to grow equally, linearly. There are those who will be in a salary group that will grow 4.9 times, while others will grow four times, but on average it is 4.9."

He insisted that after the salary reform it is intended that those who contribute most will earn more, and therefore it is clear that 4.9 is the average growth of all salaries in the country, but the increase will not be linear for everyone.

### **What will happen to the prices of the non-state sector?**

In the case of self-employed workers, Marino pointed out that the concept of salary is more related to that of the contracted worker, and the self-employed worker is not, although he can contract. "It is a reality that if wholesale prices rise, the prices of some inputs of self-employed workers who buy at those wholesale prices will rise. The costs of self-employment will increase, as will the costs in the business system.

"That is why," he continued, "there is going to be an increase in the prices of self-employed services, because the tendency of people is that 'if they raise costs, I will raise prices so that my profit margins are not affected.' It remains to be seen whether the market will allow them to increase prices indiscriminately. We have calculated an increase in the prices of PCTs, and it is important to say that the tax burden with which self-employed workers operate today is being reviewed."

On this issue, he announced that the tax burden on TCP will be reduced in terms of taxes, with the aim that price growth will not necessarily be at the same rate as the growth in costs that they will have. "In the legislation that is being designed, municipal governments are given the authority to make agreements with self-employed workers regarding the prices they set for their services.

"Today there are self-employed activities that recognize 60% of deductible expenses, which means that if you sold 100 pesos, you are recognized as a 60% deductible expense. Therefore, you pay the tax for 40. But if in your activity the expense was not 60%, but 70%, the income is 30 pesos but you would have to pay taxes for 40.

That's why, he said, the first review is to increase the deductible expense. Several variants are being studied in the improvement of self-employment, not only related to the Task Order, but "the increase in deductible spending is, automatically, a reduction in the tax burden of the TCP.

Another fundamental element to take into account in tax matters is the so-called minimum exemption. This refers to the level of income on which the State cannot charge tax because it must support the cost of living. Currently, this value is 10,000 pesos.

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