

After salary increase for budgeted sector, Cuban workers are contributing income tax



Havana, August 26 (RHC)—Income taxing has become generalized in Cuba with the wage increase to workers from the state budgeted sector.

Resolution 300 of 2019, issued by the Ministry of Finance and Prices (MFP), states that this “special contribution” now reaches all workers benefited by the salary increase, according to the newspaper Granma.

Previously, only some state workers, mainly from the business sector and with higher salaries than those enjoyed in the budgeted one, as well as private workers, paid this tax.

Yahily García, director of Revenue Policy of the MFP, said that this is “the right time to generalize the form of payment of these contributions throughout the budgeted sector” and that this payment, is “a step forward” in the implementation of the Cuban Tax Law, which follows the principle that “all people make their contribution to the State according to their economic capacity.”

The Social Security tax is applied by steps and, for its calculation, two tax rates are used in order to protect workers with lower incomes, Granma explained. For monthly income that is less than 500 Cuban pesos (CUP), a tax rate of 2.5% will be applied, while for those that exceed 500 CUP it will be 5%.

The increase approved by the Cuban government places the minimum wage at 400 CUP, while the average monthly salary per state worker rises from 767 CUP to 1,067 CUP, which is why the majority will pay 5% to Social Security.

The employing entities will be in charge of collecting this tax, withholding the corresponding percent from all taxable income from each worker's salary.

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