



Doing Business with Cuba (2): Import Taxes

Products imported into Cuba for consumption are generally subject to taxes such as (1) import duties; (2) sales tax; and (3) special tax on certain products. The general scope of the sales tax and the special tax on certain products is normally set out in the annual budget prepared by the Cuban government, and includes any related regulations issued by the *Ministry of Finance and Prices*. As for import duties, Cuba affords at least most favoured nation (MFN) tariff treatment to most of its trading partners, including *World Trade Organization (WTO)* members and countries with which Cuba has signed a bilateral agreement.

Cuba's Import Taxes

According to the WTO, Cuba applied a simple average MFN tariff rate of 10.6% in 2014. The average applied tariff for both agricultural and non-agricultural products was 10.6%. The Cuban tariff schedule has about 5,891 tariff lines, of which 390 (or 6.6%) have a duty rate of zero. Duties range from zero to 30%, and average applied duties are highest for beverages and tobacco (23.4%), clothing (22.7%), dairy products (22.7%), and sugars and confectionery (20.9%). More detailed tariff information on individual tariff lines in Cuba can be obtained from the WTO's [Tariff Download Facility](#).



Cuba's MFN Applied Tariff Rates

Product Group	Average Duty Rate (%)	Duty-Free Tariff Lines (in %)	Maximum Duty Rate (%)
Animal products	9.2	2.7	30
Dairy products	22.7	0.0	30
Fruit, vegetables & plants	9.1	5.0	30
Coffee, tea	20.5	0.0	30
Cereals & preparations	10.4	6.6	30
Oilseeds, fats & oils	8.0	3.6	30
Sugars & confectionery	20.9	0.0	30
Beverages & tobacco	23.4	0.0	30
Cotton	1.6	60.0	5
Other agricultural products	6.7	28.3	30
Fish & fish products	5.8	41.1	30
Minerals & metals	7.7	8.1	30
Petroleum	2.5	16.7	3
Chemicals	9.4	3.0	30
Wood, paper, etc.	8.7	14.3	30
Textiles	14.6	2.1	30
Clothing	22.7	0.0	30
Leather, footwear, etc.	12.0	2.1	30
Non-electrical machinery	9.7	0.8	30
Electrical machinery	10.4	0.0	30
Transport equipment	9.1	6.7	30
Miscellaneous manufactures	12.5	3.4	30

Source: WTO

According to *Joint Resolution 33/2000*, Cuba determines the customs value on the basis of the CIF value of a product, which in turn must be based on the transaction value except in specified cases. The other valuation methods must be applied in the order prescribed in the *WTO Customs Valuation Agreement*. Payment of import duties must be effected in non-convertible Cuban pesos (CUPs[1]) or in convertible Cuban pesos (CUCs[2]), depending on the entity carrying out the importation. In the case of mixed companies (Cuban companies with a foreign partner), payment of import duties is effected in CUCs or foreign exchange.

Cuba's Sales Tax

Cuba applies a one-time sales tax (*impuesto sobre ventas*) of 10% on goods intended for use and consumption that are traded, imported, or wholly or partially produced in Cuba. The sales tax is added to the price of goods commercialised by the domestic retail and wholesale sectors. The Cuban government has the authority to wholly or partially exempt entities and/or products from this tax.

For example, *Ministry of Finance and Prices Resolution 18/2015* concerning the application of the sales tax on retail sales and services, and *Ministry of Finance and Prices*



Resolution 19/2015 concerning the application of the sales tax on wholesale sales, exempt certain entities as well as the retail and wholesale sale of books, newspapers, magazines, educational and scientific materials, and any other materials related to the educational and cultural development of the Cuban people.

Payment of the sales tax on retail sales and services must be effected in CUPs after the applicable amount has been converted at the official exchange rate from the CUC rate.

Special Tax on Certain Products

Cuba also applies a special tax (*impuesto especial a productos y servicios*) on certain merchandise and services, and which is subject to modification. Currently, this tax is assessed on the retail sale of motor vehicles by authorised entities as well as on beer and alcoholic beverage producers for the wholesale sale of beer and rum.

[1] CUPs are used mainly for Cubans paying for basic necessities such as food, rent, electricity and transport.

[2] CUCs are used mainly by foreigners paying for all goods and service in Cuba.

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