

TOTAL BUDGET
CUP 550.6 bn
Expenditure, State Budget Law 181

DEFICIT CEILING
CUP 74.5 bn
Authorised maximum for 2026

INFLATION
25.2%
Year on year, August 2026

CARIBBEAN TAX SERVICE DESK · GREATER ANTILLES

Cuba
Budget Review 2026

What the 2026 State Budget means for businesses and individuals

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FOREWORD

Cuba's 2026 State Budget was framed for a difficult year: falling output, high inflation, fuel and power shortages and scarce foreign currency. It keeps the tax system broadly unchanged and puts social spending first.

Law 181 introduced no new general taxes and again suspended two taxes on individuals and landholders. Its main changes for businesses sit alongside the budget: higher tolls and vehicle tax, stricter tax registration and penalties, and a run of 2026 reforms on hiring, foreign currency and private companies. By mid-year the deficit was running above plan.

This review sets out the figures, the measures and their dates, and what they mean for each sector. It should be read with our Cuba Doing Business Guide and Tax Guide.

Dawgen Global's work on Cuba is advisory: we help international clients understand the Cuban economy and the current position on doing business, through our Caribbean Service Desk, managed from Kingston. This support is provided only where permitted under applicable sanctions laws, and clients should obtain specialist sanctions advice.

Dr. Dawkins Brown, Ph.D., MCMI, ACFE

Executive Chairman, Dawgen Global

How to use this guide

This review summarises the 2026 State Budget and what it means for businesses and individuals in Cuba. It is general information, current to October 2026; measures may change as they pass into law. Our companion Doing Business and Tax Guides give the wider picture. Speak to us before you act.

OVERVIEW

01 Budget at a glance

The 2026 State Budget was presented to the National Assembly of People's Power by the Minister of Finance and Prices, Vladimir Regueiro Ale, and approved on 18 December 2025 as Law 181. It was published in the Official Gazette on 29 December 2025 and applies from 1 January to 31 December 2026.

TOTAL EXPENDITURE
CUP 550.6 bn
About 6% more than in 2025

GROSS REVENUE
CUP 484.1 bn
Tax revenue CUP 349.4 billion

DEFICIT CEILING
CUP 74.5 bn
Authorised maximum, mainly on capital operations

CURRENT SURPLUS
CUP 11.2 bn
Current revenue above current spending, as planned

INVESTMENT
CUP 58.0 bn
Solar energy, water, health, education, tourism, housing

SOCIAL SECURITY
CUP 80.5 bn
The largest single allocation; 1.84 million pensioners

Five key messages

- **No new general taxes.** The main taxes continue at their existing rates, and the agricultural land tax and the housing tax for residents are again not applied.
- **Social spending first.** About 70% of current spending on budgeted activities goes to health, education, culture, sport and social assistance and security.
- **Stricter administration.** Mandatory tax identification numbers, a digital tax domicile and tougher penalties for evasion.
- **Deficit above plan.** The first-half deficit exceeded plan, and the Minister expects the year to depart from the Law 181 limits.
- **Reforms alongside the budget.** Direct hiring, foreign currency bonuses and larger private companies were allowed from September 2026.

ECONOMY

02 Economic context

The budget was set against a third year of falling output, rising prices and a severe shortage of fuel, power and foreign currency.

REAL GDP 2025
About −5%
University of Havana's economic studies centre estimate

INFLATION
25.2%
Year on year, August 2026 (ONEI); food prices up 36%

ELECTRICITY
−13.7%
Generation in 2025 against 2024

EXCHANGE RATES
24 / 120 / float
CUP per US$: entities, individuals, and a floating rate

Currency reforms

Alongside the fixed rates of CUP 24 per US dollar for legal entities and CUP 120 for individuals, the Central Bank introduced a floating official rate on 18 December 2025, opening at about CUP 410 and set daily. Informal rates remain higher, and no date has been set for unification. Partial dollarisation continues, with more goods and services sold in foreign currency.

Energy

Fuel shortages and an ageing thermal fleet cause long power cuts. Solar parks are the first priority of the investment budget.

Outlook

Government planned modest growth for 2026. The UN Economic Commission for Latin America and the Caribbean projects a further sharp contraction in 2026 and a decline in 2027. Output has fallen by more than 15% since 2020.

External setting

Tourism has weakened, and United States sanctions were tightened in 2025 and 2026. Cuba is not an IMF member and has no IMF programme. Sanctions should be assessed before any step.

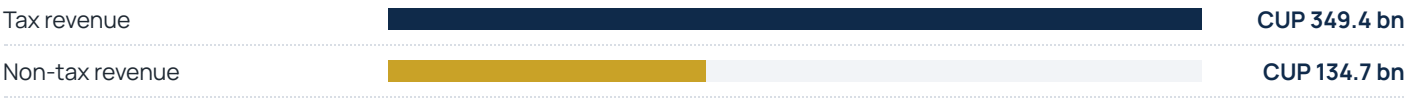
PUBLIC FINANCES

03 Fiscal framework

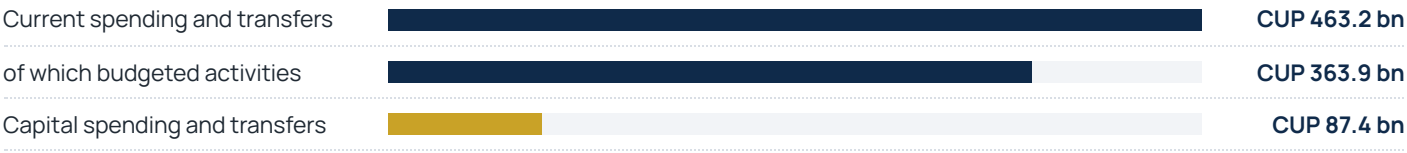
The State Budget covers the central budget, the provincial and municipal budgets and social security. Figures are in Cuban pesos (CUP).

CUP billion	2026 budget (Law 181)	Share
Gross revenue	484.1	100%
of which tax revenue	349.4	72%
of which non-tax revenue	134.7	28%
Net revenue, after refunds and local contributions	476.1	—
Total expenditure	550.6	100%
of which current spending and transfers	463.2	84%
of which capital spending and transfers	87.4	16%
Deficit ceiling	−74.5	—

Where the money comes from: gross revenue, CUP 484.1 billion



Where it goes: expenditure, CUP 550.6 billion



Outturn so far

The Minister reported to the National Assembly in July 2026 a first-half deficit of CUP 35.0 billion, CUP 6.7 billion above plan, with net revenue short of plan. He expects the year-end result to depart from the Law 181 limits because of lower revenue and a partial pay rise in the budgeted sector.

BUSINESS TAX

04 Tax measures for businesses

Law 181 keeps the tax system of the Tax System Law (Law 113 of 2012) and its rates. The changes for businesses are mostly administrative, or come from decrees issued during the year.

Measure	What changes	Effective	Who is affected
Main taxes confirmed	Profit, sales, services, labour force, transport and personal income taxes continue at existing rates. No new general taxes.	1 Jan 2026	All taxpayers
Tax identification and domicile	Use of the Tax Identification Number (NIT) is mandatory, with a digital tax domicile for notices	2026	All entities and registered individuals
Penalties for evasion	Tougher sanctions for tax evasion	2026	All taxpayers
Local development projects	10% sales or services tax (5% on retail food from small producers) and 35% profit tax, under Resolution 202 of 2026	November 2026	Local development projects
Foreign investment hiring and pay	Direct hiring of Cuban staff, foreign currency bonuses and accounts abroad, under Decree-Law 128 of 2026	3 Sep 2026	Joint ventures, foreign capital companies, contracts
Private companies	A "private company" category above 100 staff; partners may be Cubans living abroad	9 Sep 2026	Mipymes and their owners

Unchanged

Profit tax 35% general; 15% under the Foreign Investment Law after an 8-year exemption; 12% in the Mariel Zone after 10 years. Sales and services taxes generally 10%; labour force tax 5%; employer social security 14%; local contribution 1%.

Declarations

Legal entities filed their 2025 profit tax sworn declaration and paid by 31 March 2026. ONAT sets each year's campaign dates.

INDIVIDUALS

05 Tax measures for individuals and households

There are no new taxes on individuals. Two taxes are again not applied, and the budget funds a higher public-sector pay scale from July 2026.

Item	2026 position
Personal income tax	Scale introduced by the 2025 Budget (Law 174) continues; top rate 50%
Exempt minimum	CUP 39,120 a year
Non-residents	15% of Cuban income, withheld at source
Housing tax	Not applied to permanent residents
Agricultural land tax	Not applied; idle land tax continues
Home and vehicle sales	4% of the price or reference value

Self-employed people and others with declared income get a 5% reduction if they declare and pay by 28 February, and file by 30 April.

Contribution	Employee	Employer
Social security	5%; 10% above CUP 15,000 a month	14%
Labour force tax	—	5%

Public-sector pay

A new basic wage scale for the budgeted sector applies from 1 July 2026, first paid in August, starting at CUP 3,210 a month for a 44-hour week (Resolution 15 of 2026). Confirm the general minimum wage separately.

Household costs

Prices rose 25.2% in the year to August 2026, led by food, transport, and restaurants and hotels. Higher tolls and vehicle tax add to transport costs.

INDIRECT TAXES

06 Indirect taxes, customs and other revenue

Cuba has no VAT. Turnover taxes, duties and fees continue at their existing rates, with increases in road charges.

Item	2026 position	Effective
Sales and services taxes	Generally 10%, with no credit for tax paid on purchases; 1% in the Mariel Zone	Unchanged
Special tax on products and services	Excise on selected goods and services continues	Unchanged
Land transport tax	Higher annual tax on land vehicles	2026
Tolls	Higher toll rates	2026
Customs duties	Tariff unchanged; equipment for Foreign Investment Law and Mariel investments exempt; duties on private imports announced in 2024 to be charged in foreign currency	Ongoing
Local development contribution	1% of gross income, paid to the municipality	Unchanged

Foreign currency payments

Since September 2026 private businesses may accept foreign currency cash at the customer's option. Tax is computed in CUP at the applicable official rate.

Administration

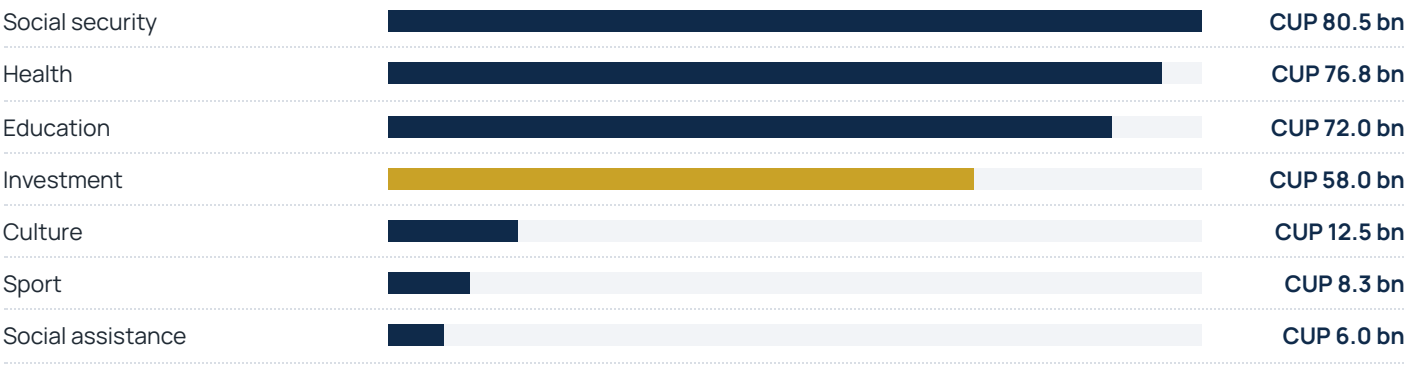
ONAT is moving to mandatory NIT use and a digital tax domicile. Expect closer checks and tougher penalties.

SPENDING

07 Spending priorities and capital programme

Social security, health and education take the largest allocations. Investment goes first to solar energy and water.

Main allocations, 2026



Health is 21% and education 20% of current spending on budgeted activities. Social security rises by more than CUP 20 billion on 2025. The gold bar shows investment.

Investment priorities

Solar photovoltaic parks · Water supply · Health · Education · Tourism · Housing

Social programmes

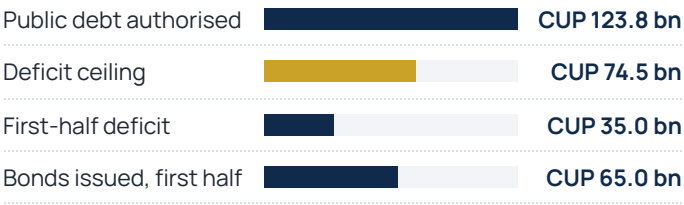
- Pensions for 1.84 million pensioners and extended maternity benefits
- Health: medicines for priority conditions
- Education for 1.37 million general and 204,000 higher education students

DEBT

08 Debt, financing and fiscal rules

The deficit is financed mainly by peso bonds bought by the state banking system. Law 181 sets ceilings for the deficit and for new debt.

Ceilings in Law 181



Fiscal rule

Current revenue must cover current spending, so the deficit falls on capital operations. Any overrun of the deficit ceiling needs Council of State approval and a report to the National Assembly.

How the deficit is financed

Sovereign bonds in Cuban pesos, with maturities of up to 20 years and an average interest rate of about 2.5%, bought mainly by the national banking system. The state business sector may also trade them.

Risks to watch

- Revenue shortfalls as output falls
- Pay and pension rises against a fixed revenue base
- Monetary financing adding to inflation
- Fuel and power supply, and sanctions

Deficit and debt are not published as shares of GDP in the budget. The Ministry of Finance and Prices reports execution to the National Assembly during the year.

SECTOR IMPACT

09 What it means for your sector

Each step in Cuba needs a sanctions assessment first. The table summarises the budget's effect, not the sanctions position.

Sector	What the Budget means
Foreign investors and joint ventures	Tax incentives unchanged. Direct hiring, foreign currency bonuses and accounts abroad from September 2026 change payroll and treasury planning.
Tourism and hospitality	A priority for investment, but arrivals remain weak and prices for restaurants and hotels rose about 36% in a year.
Energy	Solar parks lead the investment programme. Renewable projects remain a stated priority for foreign investment.
Private sector and mipymes	Tax rates unchanged (35% profit, 10% sales). Larger private companies are now allowed. Stricter NIT and penalty rules.
Local development projects	New tax regime from November 2026: 10% sales or services tax and 35% profit tax.
Agriculture and food	Agricultural land tax again not applied. Food prices rose 36% in a year; import substitution remains a priority.
Construction and real estate	Investment in housing and water. Housing tax not applied to residents.
Transport and logistics	Higher tolls and land vehicle tax. Fuel supply remains the main constraint.
Employers generally	The public-sector pay scale from July 2026 may raise wage expectations. Review FX bonus policies.

ACTION PLAN

10 Action points and key dates

Businesses

- [ ] Obtain specialist sanctions advice before any step
- [ ] Confirm NIT use and the digital tax domicile
- [ ] Review hiring and FX bonus options under Decree-Law 128
- [ ] Check local development project tax from November
- [ ] Model cash flow at the applicable exchange rates
- [ ] Watch for the 2027 State Budget in December

Individuals

- [ ] Declare and pay by 28 February for the 5% reduction
- [ ] File the annual declaration by 30 April
- [ ] Check payroll for the new public-sector scale

Date	What happens
1 January 2026	Law 181 in force
31 March 2026	Profit tax declaration and payment
30 April 2026	Personal income tax declaration
1 July 2026	New budgeted-sector wage scale
3 September 2026	Direct hiring, FX bonuses, accounts abroad
9 September 2026	Private companies above 100 staff
November 2026	Local development project tax regime
December 2026	2027 State Budget Law expected
31 December 2026	Law 181 ends
28 February 2027	Last date for the 5% reduction

ONAT confirms each year's campaign dates.

YOUR PARTNER

11 How Dawgen Global helps

Our Caribbean Tax Service Desk, managed from Kingston, helps international clients understand the budget and plan their position, only where permitted under applicable sanctions laws.

Budget impact assessment
Modelling the measures and exchange rates against your costs and plans.

Tax planning and restructuring
Laws 113 and 118, Mariel benefits, profits and dividends.

Compliance updates and payroll changes
NIT and declarations, direct hiring and bonus arrangements.

Incentives and concessions
Foreign Investment Law and Mariel Zone incentive assessments.

Cash flow and pricing reviews
Multi-currency forecasts, inflation and pricing.

Engagement with the tax authority
Preparation for ONAT reviews, queries and appeals.

Start with a conversation

Dawgen Global's work on Cuba is advisory. It is provided only where permitted under applicable sanctions laws, and clients should obtain specialist sanctions advice before acting. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request. Fees are tailored to each client's circumstances and set out in an engagement letter. Email **cuba@dawgen.com** or **info@dawgen.global**, or call (876) 926-5210.

Talk to the Caribbean Tax Service Desk about the 2026 State Budget

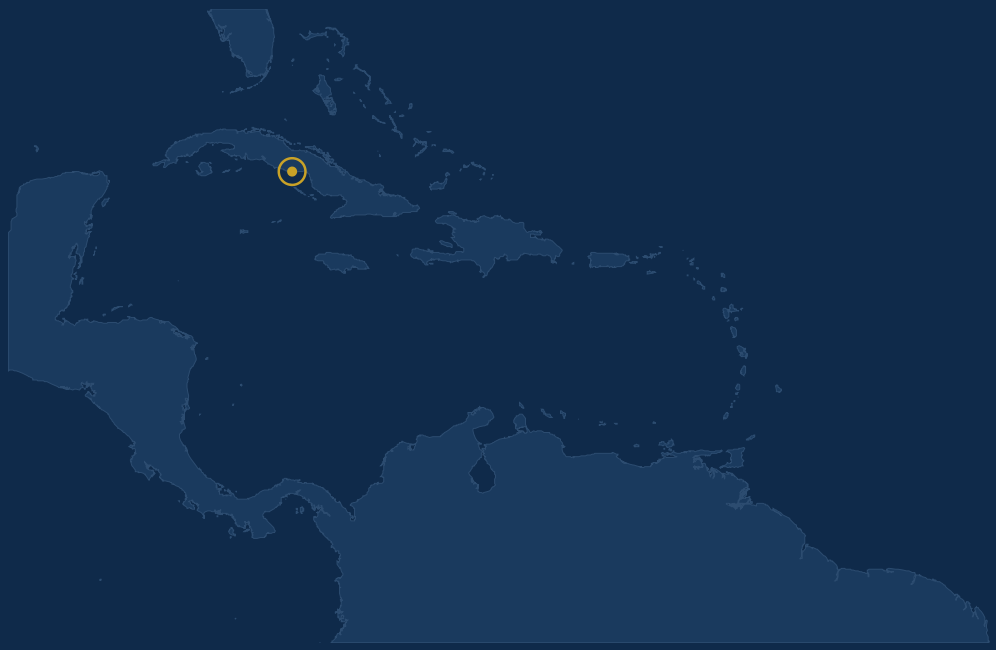
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Key official sources

- National Assembly of People's Power (parlamentocubano.gob.cu)
- Ministry of Finance and Prices (mfp.gob.cu)
- National Tax Administration Office, ONAT (onat.gob.cu)
- Official Gazette of the Republic of Cuba (gacetaoficial.gob.cu)
- Central Bank of Cuba (bc.gob.cu)
- National Office of Statistics and Information, ONEI (onei.gob.cu)
- Ministry of Labour and Social Security (mtss.gob.cu)
- UN Economic Commission for Latin America and the Caribbean (cepal.org)



This publication contains general information only, current to October 2026, and is not professional advice. Budget figures are estimates and may change in execution; official texts in Spanish prevail, and sanctions laws of the United States and other countries may apply. Confirm the current position with Dawgen Global, the relevant authority and specialist sanctions counsel before acting. Dawgen Global's support for Cuba-related matters is provided only where permitted under applicable sanctions laws. Some regulated services are performed by affiliated firms; we will advise you of the arrangements when you make a request.

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