

The end of exorbitant prices: Cuba introduces new vehicle policy



Rental vehicles will now be sold exclusively in local currency (source: [Cimex/CC](#))

Amid the ongoing economic crisis, which will likely continue to shape everyday life in Cuba in 2025, the new year has at least started with some good news: today, January 1, a reform for the import and trade in vehicles came into force, which had been eagerly awaited by many Cubans and had been postponed for several months. The announcement was made just before the law came into force, which [appeared in the official gazette](#) on December 30.

Import facilitation

The aim of the reform is to improve the mobility of the population and to contribute to the “gradual renewal of the vehicle fleet in Cuba,” said Transport Minister Eduardo Rodríguez Dávila.

One of the key changes is the easing of restrictions on the import of mopeds and motorcycles with internal combustion engines. These can now be imported by private individuals by mail order or as unaccompanied cargo, as long as their engine size does not exceed 250 cubic centimeters. The import of electric tricycles with more than two seats or cargo capacity is also permitted. Import duties (22 to 156 US dollars) must be paid in foreign currency, and the imported vehicles must not be older than 10 years.

There is another long-awaited change for Cubans who are on official missions abroad, which mainly affects medical personnel and diplomats. After completing a two-year foreign mission, they have the one-time opportunity to import a small or mid-sized car (new or used) into Cuba. Here, too, customs duties apply (US\$100 for electric vehicles, US\$300 for combustion engines) and imports must be carried out via the state agency Transimport. Alternatively, they are given the opportunity to purchase a vehicle in exchange for foreign currency after their return to Cuba, without having to pay the usual special tax for vehicle purchases.

Further flexibilization in the vehicle trade

Another important innovation concerns the vehicle trade. [Since March 2023](#), legal entities have been allowed to trade vehicles with each other (natural persons have been allowed to do so for some time). However, sales between companies and natural persons were taboo until now. Now private individuals and [NGOs](#) can also sell vehicles to companies and vice versa. An exception remains the trade in vehicles within the state sector, as well as for diplomatic personnel, for whom special regulations apply in each case.

“In all cases, the procedure is the same as for the transfer of assets between natural persons, i.e. before a notary, with the value of the transaction and the corresponding tax being paid through the bank,” Dávila [explained to](#) Cuban media.

Cars will be significantly cheaper

Probably the most important change: for the first time, the formula for pricing vehicles in foreign currencies is changing – a demand that has existed since [vehicle sales began in 2014](#). The previous exorbitant prices, which were several hundred percent above the purchase price, are now a thing of the past. The exorbitantly high taxes were originally intended to help finance public transport, but they were so high that hardly any vehicles were sold and the funding pot remained empty.

Dávila cited the example of a vehicle that would cost \$10,000 from the supplier. With the previous taxes, this would cost around \$50,000. According to the new formula, the price for the same vehicle would now be 15,900 US dollars.

The progressive taxes for the purchase of several vehicles are also being reduced. They now stand at 25 (instead of 150) percent from the third car and then increase in 25 percent increments up to the sixth vehicle. If the charging infrastructure is based on renewable energies, the quantity tax for electric vehicles is completely eliminated.

NUEVOS PRECIOS de los carros en Cuba

FORMACIÓN DEL PRECIO DE VENTA EN DIVISAS CONVERTIBLES PARA VEHÍCULOS NUEVOS Y DE USO DE IMPORTACIÓN:



Nota:

A partir del tercer vehículo y hasta el sexto de las clases moto, auto ligero o auto rural que adquiera una misma persona (natural o jurídica) se adiciona un impuesto especial, que se incrementa progresivamente desde un 25 % hasta un 100 % del valor de la venta.



Los saldos correspondientes a los impuestos y los aranceles serán destinados al Fondo para el Desarrollo y la Sostenibilidad del Transporte Público.



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New formula for vehicle prices in foreign currencies (Source: [Cubadebate](#))

In addition, Cubans can expect a small range of vehicles to be available in the national currency: retired rental cars from the tourism sector will in future be sold exclusively in pesos and no longer in foreign currencies, as has been the case to date.

Other innovations introduced by the law include the reduction of bureaucracy when registering conversions and the one-time suspension of the quantity tax when purchasing vehicles for foreign companies and representative offices in Cuba. This is intended to enable them to modernize their fleets.

Conclusion: the end of the exorbitant pricing policy

The era of exorbitant car prices, when most Cubans couldn't even dream of buying a vehicle, seems to be over in Cuba. The new pricing formula has the potential to bring the island's car market down to earth and put it on a more rational footing, which will also benefit the tax authorities, as originally planned.

However, the limiting factor for most people remains the low purchasing power of wages, which are around 20 US dollars per month in the public sector. Nevertheless, the reform is

likely to increase the number of vehicles on the island in the medium term, which will also benefit the used market and companies and is likely to change the streetscape permanently. In particular, (e-)scooters, motorcycles and smaller three-wheeled vehicles, which are subject to preferential tax treatment, are likely to increase in the coming years.

Update (09.01): In the meantime, the two well-known importers [MCV Comercial \(PDF\)](#) and [Finauto](#) have presented their catalogs with the new prices. ([Cubaheute](#))