

TAX

Budget 2027 Highlights

October 2026

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Overview

Budget 2027 was delivered on 6 October 2026 by the Tánaiste and Minister for Finance, Simon Harris, and the Minister for Public Expenditure, Jack Chambers. It is an €8.5 billion package: about €1.65 billion in tax reductions, with the rest in additional spending.

The Budget is set against an unsettled international backdrop. The conflict in the Middle East remains unresolved and the Strait of Hormuz has been largely closed for over seven months. This has disrupted supplies of oil, gas and fertiliser and triggered a second wave of above-target inflation. The Department of Finance describes the Budget as geared towards resilience: supporting households and firms in the short term, boosting the supply side of the economy, continuing to build buffers and promoting fairness between generations.

Economic and Fiscal Outlook

At a macro level the Irish economy remains in a healthy position. Employment continues to grow, real incomes are rising and the public finances are in reasonable shape. Modified domestic demand, the best measure of underlying activity, is forecast to grow by 3.7% in 2026 and 3.0% in 2027. Headline GDP is expected to fall by 0.7% this year, reflecting multinational activity, before growing by 3.8% in 2027.

Inflation (HICP) is forecast at 3.3% in 2026 and 3.0% in 2027, before settling at around 2% over the medium term as the energy price shock fades. Unemployment is expected to stay at about 5%, close to full employment.

The Government provided around €1¼ billion of energy supports to households and businesses over the spring and summer. Budget 2027 continues this, most notably by extending the reduced excise rates on motor fuels.

€8.5bn

Total Budget 2027 package

€1.65bn

Tax reductions

3.0%

Modified domestic demand growth, 2027

3.0%

HICP inflation, 2027 (3.3% in 2026)

5.0%

Unemployment rate, 2026 and 2027

€9.5bn

General government surplus, 2027 (2.5% of GNI*)

Source: Department of Finance, Budget 2027 Economic and Fiscal Outlook; Budget Day announcements.

Overview (cont.)

The Public Finances

Tax revenue is projected at €110.5 billion in 2026 and €119.1 billion in 2027, an increase of 7.8%.

Corporation tax is expected to yield €34.1 billion this year and €39.1 billion next year, helped by the timing of payments under Pillar Two of the OECD BEPS framework, which are being pushed into 2027.

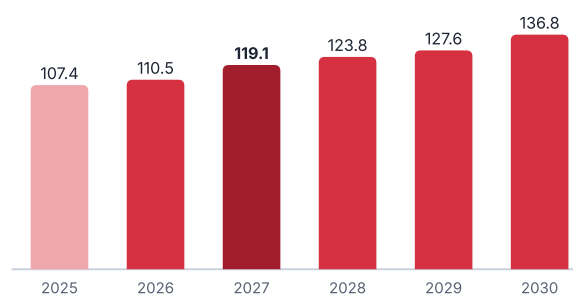
That reliance remains the biggest risk. Country-by-country data show that around half of the corporation tax paid last year came from just three large multinationals. The Department warns that its projections assume corporate profitability keeps growing, and that any fall could put a large dent in corporate tax receipts.

For the first time since the pandemic, the Exchequer will be in deficit this year (€1.7 billion) and next year (€1.3 billion). This mainly reflects transfers into the Future Ireland Fund and the Infrastructure, Climate and Nature Fund, totalling €7.8 billion in 2027. Both funds sit inside the general government sector, so on the wider measure the Government projects surpluses of €6.7 billion in 2026 and €9.5 billion in 2027.

The expenditure ceiling is set at €125.6 billion for 2027: €105.3 billion in current spending and €20.3 billion in capital investment. Gross debt is forecast to fall from 58.5% of GNI* in 2026 to 56.4% in 2027 (€214 billion). However, borrowing costs for governments are now 2–3 percentage points above pre-pandemic levels.

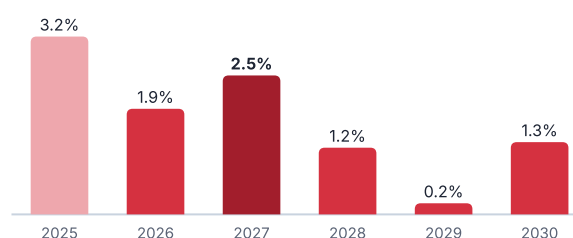
Tax revenue, € billion

2025 outturn; 2026–2030 Department of Finance forecasts



General government balance, % of GNI*

Surplus projected in every year to 2030



Tax heading (€m)	2026	2027
Income tax	39,275	41,445
Corporation tax	34,090	39,055
VAT	24,475	25,250
Excise duties	5,890	6,440
Capital gains tax	2,215	2,195
Capital acquisitions tax	990	1,020
Total tax revenue	110,510	119,075

Source: Department of Finance, Budget 2027 Economic and Fiscal Outlook, Table 11. Other taxes not shown separately.

Overview (cont.)

Housing and Infrastructure

Housing again sits at the centre of the Budget. Capital investment totals €20.3 billion, an increase of €1.1 billion. The housing allocation of €9.4 billion includes €3 billion for social housing (11,250 new homes) and over €1 billion to support 15,000 starter homes. Help to Buy increases to €35,000 with immediate effect, and rent-a-room relief is extended to new detached auxiliary homes.

Uisce Éireann receives €2.3 billion, and a further €6 billion is earmarked for MetroLink over 2027–2030. The Future Ireland Fund receives an additional €1 billion.

Cost of Living and Social Supports

Core weekly social welfare rates and the State pension rise by €10, benefiting about 1.6 million people. Fuel allowance increases by €5 to €43 a week, and a new €500 Cost of Disability Payment is introduced. The minimum wage rises by 79 cent to €14.94 an hour. Childcare fees for children up to senior infants will be capped at €550 a month from September 2027.

Personal Tax

Income tax rates are unchanged, but the standard rate band rises by €2,500 to €46,500 and the main tax credits each rise by €125. Together with a wider USC 2% band, a single worker earning €50,000 or more saves about €766 a year.

Business, Capital and Investment

The more significant changes this year are to capital taxes. CGT falls from 33% to 31%, the exit tax on funds falls from 38% to 35%, and a new Personal Investment Account opens from July 2027. For business, the R&D tax credit is made more accessible for smaller claims. The Knowledge Development Box and the main investment reliefs are extended, and a €1 billion ISIF programme will help Irish companies scale.

A Budget built around **resilience**, with the main changes in **capital and investment taxes**.

ECOVIS IRELAND

€20.3bn

Capital investment in 2027

€7.8bn

Transferred to the Future Ireland Fund and ICNF in 2027

Overview (cont.)

Our View

Budget 2027 is a measured Budget in a difficult year. The Government has kept a large general government surplus while increasing spending and introducing a tax package that was larger than expected. The decision to keep transferring corporation tax windfalls into the national savings funds is prudent, given how concentrated those receipts are.

For private clients, the cut in CGT to 31% and in exit tax to 35% is welcome, as is the long-awaited Personal Investment Account. However, the CGT reduction is modest. Ireland's rate remains high by international standards, and the reduction is unlikely to change investment decisions on its own. Deemed disposal is retained, and the PIA charges 1% a year above €50,000 even in years when values fall.

For business, the R&D, Knowledge Development Box and investment relief changes are helpful but incremental. There was no move on the reforms many in the SME and entrepreneur community had called for, such as a higher entrepreneur relief limit or a CGT rollover relief. We will review Finance Bill 2026 closely for technical changes.

Looking Ahead

The main risks are external: a prolonged Middle East conflict, a lasting energy price shock, higher borrowing costs and the economy's dependence on a small number of very profitable multinationals. The Department's alternative scenario, a prolonged conflict, would weaken growth and the public finances.

The legislative detail of most tax measures will be set out in Finance Bill 2026 in the coming weeks. Several commencement dates, including for the CGT and exit tax changes, have still to be confirmed. Clients should take advice before acting on any of the measures in this booklet.

Ecovis Ireland Tax Team

6 October 2026

Key dates

- **6 Oct 2026** – Budget delivered; Help to Buy increase effective immediately
- **Oct/Nov 2026** – Finance Bill 2026 published
- **1 Jan 2027** – New bands, credits, USC, minimum wage
- **28 Feb – 30 Jun 2027** – Fuel excise restored in phases
- **1 Jul 2027** – Personal Investment Accounts available
- **Sep 2027** – Childcare fee cap of €550
- **1 Oct 2027** – Scheduled PRSI increase

BUDGET 2027

Business tax

Corporation Tax Rates

No change was announced to the 12.5% trading rate, the 25% rate on passive income or the 15% minimum effective rate for large groups within Pillar Two. The Department of Finance notes that corporation tax receipts now include the higher Pillar Two charge on groups with turnover over €750 million. Some of those payments are expected to fall into 2027 rather than 2026.

R&D Tax Credit

The 35% credit rate introduced in Budget 2026 is unchanged. Two changes are made to support smaller and outsourced projects:

- The first-year payment threshold rises by 20%, from €87,500 to €105,000. This improves cash flow because more of the credit is paid out in the first year.
- The limit on subcontracted R&D, both to universities and institutions and to other third parties, rises from the greater of 15% or €100,000 to the greater of 20% or €200,000.

Knowledge Development Box

The Knowledge Development Box, which taxes qualifying profits from certain intellectual property at an effective 10%, is extended for a further five years.

Investment and Start-up Reliefs

The following reliefs are extended. Details of any changes to their conditions are expected in the

Finance Bill:

- Employment Investment Incentive (EII)
- Start-up Capital Incentive (SCI)
- Start-up Relief for Entrepreneurs (SURE)
- Relief for Investment in Innovative Enterprises (angel investor CGT relief)
- Corporation tax relief for start-up companies

The definition of a small company for tax purposes is also to be increased, which should bring more companies within the scope of the SME reliefs.

Scaling Irish Companies

The Ireland Strategic Investment Fund will run a new €1 billion, three-year programme to help Irish companies scale, alongside funding to support around 1,000 new start-ups. The detailed terms have not yet been published.

Bank Levy

The bank levy is extended for a further year, with a target yield of €200 million.

What Was Not Announced

Budget Day did not include changes to entrepreneur relief, retirement relief, CAT business relief, the participation exemption or the interest regime. We will confirm whether the Finance Bill contains any technical amendments in these areas.

Personal tax

Income Tax Rates, Bands and Credits

Income tax rates remain at 20% and 40%. From 1 January 2027:

- the standard rate band for a single person rises by €2,500, from €44,000 to €46,500, with corresponding increases for married couples, civil partners and one-parent families;
- the personal, employee (PAYE) and earned income tax credits each rise by €125, to €2,125;
- the home carer tax credit rises by €100, to €2,050.

Universal Social Charge

The ceiling of the 2% USC band rises by €1,600, from €28,700 to €30,300, so that a full-time worker on the new minimum wage stays out of the 3% band. No other changes to USC rates or bands were announced.

What It Means for Take-Home Pay

Combined income tax and USC for a single PAYE employee claiming the personal and employee credits:

Salary	2026	2027	Saving
€30,000	€2,433	€2,170	€263
€40,000	€4,733	€4,467	€266
€50,000	€8,233	€7,467	€766
€60,000	€12,533	€11,767	€766
€80,000	€21,631	€20,865	€766
€100,000	€31,231	€30,465	€766

Ecovis Ireland calculations. PRSI excluded. Assumes the USC bands other than the 2% band are unchanged.

Rent Tax Credit

The rent tax credit rises by €150 to €1,150 for a single person, and to €2,300 for a jointly assessed couple.

Help to Buy

The maximum Help to Buy relief for first-time buyers of new homes rises from €30,000 to €35,000 with immediate effect. The €500,000 property value cap is unchanged.

Rent-a-Room Relief

The annual tax-free limit rises from €14,000 to €16,000. The relief is extended to detached auxiliary homes of 32–45 m² built from 27 July 2026.

Childminding Relief

The tax-free limit for childminders rises from €15,000 to €20,000, and the limit of three minded children is removed.

Third-Level and Childcare

The student contribution is permanently reduced by €150 to €2,350, and SUSI maintenance grants increase by 4.5% from January 2027. From September 2027, maximum childcare fees for children up to senior infants fall from €735 to €550 a month.

Personal tax (cont.)

Pay Related Social Insurance (PRSI)

PRSI rates were not part of the Budget speech, as the increases were already legislated in the Social Welfare (Miscellaneous Provisions) Act 2024. All classes of PRSI increase each October up to 2028:

From October	Employee	Employer (higher)
2025	4.20%	11.25%
2026	4.35%	11.40%
2027	4.50%	11.55%
2028	4.70%	11.75%

Social Welfare

- Most maximum weekly social welfare rates, including the State pension, increase by €10 from January 2027, with proportionate increases for qualified adults.
- Child Support Payment increases by €6 a week. Working Family Payment income limits rise by €30 a week.

- Fuel allowance rises by €5 to €43 a week. The Living Alone Increase rises by €3 to €25 a week.
- A new €500 Cost of Disability Payment is introduced for those receiving long-term disability payments.
- The Carer's Allowance income disregard rises to €1,150 (single) and €2,300 (couple) from July 2027.

Personal Investment Account

The new Personal Investment Account is covered under Capital Taxes on page 11.

Points to consider

- Check that employees' 2027 tax credit certificates reflect the new bands and credits.
- Renters should make sure they claim the higher rent tax credit for 2027.
- First-time buyers of new homes can claim the higher Help to Buy amount now.

Employment tax

National Minimum Wage

The national minimum wage rises by 79 cent to €14.94 an hour from 1 January 2027. Employers should budget for the increase and for its knock-on effect on pay differentials.

Employer PRSI Threshold

The weekly earnings threshold at which the higher rate of employer PRSI applies rises from €552 to €600, in line with the higher minimum wage. Employers save about €700 a year for each employee earning between the old and new thresholds.

Payroll from 1 January 2027

- Standard rate band of €46,500 (single person) and tax credits of €2,125.
- USC 2% band extended to €30,300.
- Minimum wage of €14.94 an hour.
- Employer PRSI threshold of €600 a week.
- Scheduled PRSI rate increase from 1 October 2027 (see page 9).

Benefit-in-Kind, SARP, KEEP and FED

No changes to company car BIK, the Special Assignee Relief Programme, the Key Employee Engagement Programme or the Foreign Earnings Deduction were announced on Budget Day. These were extended or amended in Budget 2026. We will check the Finance Bill for any technical changes.

Electric Vehicles

The €5,000 VRT relief for electric vehicles is extended to 31 December 2028, which will help keep the cost of electric company cars down.

€14.94
an hour minimum
wage from 1
January 2027

EMPLOYMENT TAX

€600

New weekly employer PRSI threshold
(from €552)

Capital taxes

Capital Gains Tax

The standard rate of CGT falls by 2 percentage points, from 33% to 31%. The Government estimates the cost at €186 million a year, and the Department of Finance projects CGT receipts of €2.2 billion in 2027, broadly flat on 2026. On a gain of €500,000, the reduction saves €10,000.

The commencement date must be confirmed in the Finance Bill. Clients planning significant disposals should not fix contract dates until it is known. No changes to entrepreneur relief (10% on up to €1.5 million of lifetime gains) or retirement relief were announced.

Investment Funds and Life Assurance

The exit tax rate on Irish investment funds, equivalent offshore funds and foreign life assurance policies falls from 38% to 35%. The rate also applies to the 8-year deemed disposal charge, which is retained.

Personal Investment Account

A new Personal Investment Account (PIA) will be available from 1 July 2027:

- open to Irish residents aged 18 or over with a PPS number, with one account each;

- contributions of up to €12,000 a year;
- tax-free while the account value is up to €50,000, with a flat 1% annual charge on the value above €50,000, deducted by the provider so the investor has no tax return to file;
- can hold listed shares and bonds and retail funds, including ETFs, but not derivatives or crypto-assets;
- no minimum holding period.

The 1% charge applies even in a year when the investments fall in value.

Capital Acquisitions Tax

The CAT rate is unchanged at 33%, but all three group thresholds increase:

Group	2026	2027
A – child from parent	€400,000	€420,000
B – sibling, niece, nephew, grandchild	€40,000	€44,000
C – all others	€20,000	€22,000

The Group A increase saves up to €6,600 per child. Gifts and inheritances planned for late 2026 may be worth deferring until the new thresholds apply.

VAT

There were only a few VAT changes in Budget 2027. The Department of Finance expects VAT receipts of €25.25 billion in 2027, an increase of 3.2%, with growth held back by policy measures.

Standard and Reduced Rates

The standard rate of 23% and the reduced rate of 13.5% are unchanged.

Energy

The 9% rate on gas and electricity continues to 2030.

Food, Catering and Hairdressing

The 9% rate on food and catering services and hairdressing, which took effect on 1 July 2026, is unchanged. Alcohol, soft drinks and bottled water remain at 23%.

New Apartments

The 9% rate on the sale of newly constructed apartments, introduced from 8 October 2025, continues to 31 December 2030.

Agriculture

VAT on livestock respiratory vaccines falls from 23% to 9%. The flat-rate addition paid to unregistered farmers rises from 4.5% to 4.8% for 2027.

Standard rate **23%**
Reduced rate
13.5%
Second reduced
9%

VAT

4.8%

Farmers' flat-rate addition, 2027 (from 4.5%)

Customs and excise

Tobacco and Vaping

Excise on a pack of 20 cigarettes rises by €1, with a pro-rata increase on other tobacco products. A new duty of 20 cent per ml applies to e-liquids, adding about 40 cent to a single-use disposable vape.

Motor Fuels

The temporary reduced excise rates on petrol and diesel, introduced in response to the energy price shock, are extended from 1 November 2026 to 28 February 2027. Full rates will then be restored in four phases, ending on 30 June 2027. The Department of Finance expects excise receipts of €6.4 billion in 2027, against €5.9 billion in 2026.

Carbon Tax

The carbon tax on kerosene and natural gas is reduced to €48.50 per tonne and will stay at that level for the life of the Government. This saves about €86 on a 1,000-litre fill of home heating oil. The scheduled carbon tax increases on petrol, diesel and marked gas oil are deferred to 2027.

Vehicle Registration Tax

- VRT increases by 1% for cars in bands 3–20 (CO₂ emissions above 80g/km) from 1 January 2027.
- The €5,000 VRT relief for electric vehicles is extended to 31 December 2028.

Farming

- The succession farm partnership tax credit doubles from €5,000 to €10,000, and the three-year holding period is removed for applications from 1 January 2027.
- Accelerated capital allowances for farm safety equipment are extended to 31 December 2029.
- A €32 million fertiliser scheme and a five-month extension of fuel support schemes (€31.2 million).

Energy and Climate

SEAI residential and community energy schemes receive €654.5 million. Grants for heat pumps and solar thermal rise to up to 45% of costs, and there is a new €2,000 boiler scrappage grant.

Appendices

Budget 2027 Tables

Income Tax

Rates	2027	2026
Standard tax rate	20%	20%
Higher tax rate	40%	40%

Standard Rate Bands	2027	2026
Single / widowed	€46,500	€44,000
Married couple / civil partnership – one income	€55,500*	€53,000
Married couple / civil partnership – two incomes	€93,000*	€88,000
One-parent family	€50,500*	€48,000

* Expected, on the usual basis of increasing all bands in line with the single band. To be confirmed in Finance Bill 2026.

Tax Credits	2027	2026
Single person	€2,125	€2,000
Married couple / civil partnership	€4,250	€4,000
PAYE (employee)	€2,125	€2,000
Earned income	€2,125	€2,000
Home carer (maximum)	€2,050	€1,950
Rent – single	€1,150	€1,000
Rent – jointly assessed couple	€2,300	€2,000
Single person child carer	€1,900	€1,900
Incapacitated child	€3,800	€3,800
Blind person	€1,950	€1,950
Dependent relative	€305	€305

Where no change was announced on Budget Day, the 2026 figure is shown for 2027. Changes are shown in bold.

USC, PRSI, Corporation Tax

Universal Social Charge – income of €13,000 or less exempt	2027	2026
First €12,012	0.5%	0.5%
€12,013 – €30,300 (2026: €12,013 – €28,700)	2%	2%
€30,301 – €70,044 (2026: €28,701 – €70,044)	3%	3%
Balance over €70,044	8%	8%
Non-PAYE income over €100,000	11%	11%

The reduced 2% USC rate for full medical card holders earning under €60,000 a year was previously extended to the end of 2027.

PRSI	2027	2026
Class A employee PRSI	4.35% / 4.50%**	4.20% / 4.35%**
Employer PRSI – weekly earnings not exceeding threshold	Lower rate (≤ €600)	Lower rate (≤ €552)
Employer PRSI – weekly earnings over threshold	11.40% / 11.55%**	11.25% / 11.40%**
Self-employed PRSI	4.35% / 4.50%**	4.20% / 4.35%**

** Rate before / from 1 October of that year, under the Social Welfare (Miscellaneous Provisions) Act 2024. The lower employer rate increases by the same steps.

Corporation Tax	2027	2026
Standard (trading) rate	12.5%	12.5%
Minimum effective rate – groups in scope of Pillar Two	15%	15%
Knowledge Development Box (extended by five years)	10%	10%
Non-trading income (and certain property transactions)	25%	25%
R&D tax credit	35%	35%
R&D first-year payment threshold	€105,000	€87,500

Stamp Duty, DIRT, VAT

Stamp Duty	2027	2026
Residential property – first €1m	1%	1%
Residential property – €1m to €1.5m	2%	2%
Residential property – above €1.5m	6%	6%
Residential (at least 10 relevant units)	15%	15%
Non-residential property	7.5%	7.5%
Shares (subject to some exceptions)	1%	1%

DIRT	2027	2026
DIRT	33%	33%

VAT	2027	2026
Standard rate	23%	23%
Reduced rate	13.5%	13.5%
Gas and electricity (continued to 2030)	9%	9%
Food and catering services and hairdressing (from 1 July 2026)	9%	9%
Newly constructed apartments (to 31 December 2030)	9%	9%
Livestock respiratory vaccines	9%	23%
Flat-rate addition for farmers	4.8%	4.5%

No changes to stamp duty or DIRT were announced on Budget Day.

Capital Taxes

Capital Gains Tax	2027	2026
General rate	31%*	33%
Entrepreneur relief (reduced rate, lifetime limit €1.5m)	10%	10%
Annual exemption	€1,270	€1,270
Angel investor CGT relief (18% for qualifying partnerships)	16%	16%

* Commencement date to be confirmed in Finance Bill 2026.

Irish Investment Funds, Equivalent Offshore Funds and Foreign Life Assurance Policies	2027	2026
Exit tax / designated rate (including 8-year deemed disposal)	35%*	38%
Personal Investment Account – value above €50,000 (from 1 July 2027)	1% a year	–

Capital Acquisitions Tax	2027	2026
General rate	33%	33%
Group A threshold	€420,000	€400,000
Group B threshold	€44,000	€40,000
Group C threshold	€22,000	€20,000

Dividend Withholding Tax	2027	2026
Dividend withholding tax	25%	25%

FOR MORE INFORMATION

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This publication has been prepared carefully, but it is written in general terms and should be seen as containing broad statements only. It is based on the Budget 2027 statements, the Department of Finance's Budget 2027 Economic and Fiscal Outlook and other material published on 6 October 2026. Most tax measures are subject to legislation in Finance Bill 2026, which may differ from the announcements.

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