

Tax

Budget 2027 Highlights

October 2026

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Overview

Budget 2027 has been delivered against a backdrop of considerable international uncertainty, renewed energy pressures and continued challenges around housing, infrastructure and the cost of doing business. At the same time, Ireland enters this period from a position of relative economic strength, with employment remaining at historically high levels and the domestic economy continuing to demonstrate resilience.

In our pre-Budget commentary, we argued that Budget 2027 needed to put competitiveness, entrepreneurship and investment at the centre of the tax agenda. Strength in the domestic business community is required to ensure we are resilient against the overreliance on multinational corporation tax receipts. Against that benchmark, there are a number of positive measures in this year's package.

The overall Budget package amounts to €8.65 billion, comprising €7 billion in additional public spending and €1.65 billion in tax measures. While the Budget provides some relief to households, there is also a clearer recognition of the need to support investment, enterprise and the ability of Irish businesses to scale.



Overview

Personal Tax and the Cost of Employment

Personal tax is one of the main features of Budget 2027. The standard rate income tax band will increase by €2,500 to €46,500, while the Personal, Employee and Earned Income Tax Credits will each increase by €125. The entry point to the 3% USC band will also increase from €28,700 to €30,300.

These changes should help to ensure that wage increases translate into greater take-home pay and provide some relief from fiscal drag. They are also relevant from a competitiveness perspective. Ireland is competing internationally for skilled people and our personal tax system forms an important part of that proposition.

The National Minimum Wage will increase by 79 cent to €14.94 per hour. In recognition of the additional cost for employers, the weekly earnings threshold at which the higher rate of employer PRSI applies will increase from €552 to €600.

That will provide some relief, but it does not remove the wider issue. Employment costs continue to rise and remain a significant concern for many businesses, particularly labour-intensive SMEs. This is an area where businesses will continue to look for measures that support competitiveness as well as employment growth.



Overview

Supporting Entrepreneurs and Irish Business

One of the more significant announcements is the reduction in the standard Capital Gains Tax rate from 33% to 31%.

BDO had called for a reduction in the CGT rate ahead of the Budget, together with further reforms to Entrepreneur Relief. Ireland's relatively high CGT rate has long been a concern when competing for entrepreneurs and investment capital, so the reduction is a welcome signal however, we feel a more significant reduction would have been more desirable and impactful to driving economic activity.

The Budget also contains measures aimed at supporting investment in innovative and scaling businesses, including extensions to investment reliefs and a new €1 billion programme through the Ireland Strategic Investment Fund.

This is important. Ireland has been highly successful in attracting foreign direct investment, but a resilient economy also needs a strong base of Irish-owned businesses capable of growing internationally.

Our pre-Budget position was that Government should do more to encourage entrepreneurship, improve access to capital and reduce the barriers facing businesses that want to scale. The measures announced are a step in that direction, although there remains scope to simplify investment schemes and make them more accessible to both businesses and investors.



Overview

Innovation and R&D

The changes to the R&D Tax Credit are welcome and address a number of issues that BDO had highlighted ahead of the Budget.

In particular, the increase in the thresholds for subcontracted R&D carried out by third parties and universities should give businesses greater flexibility in how they structure and undertake qualifying R&D activity. The increase in the amount refundable in year one should also provide a useful cash-flow benefit, particularly for earlier-stage and growing businesses.

There was, however, scope to go further. We had also called for changes to the treatment of international related-party R&D expenditure, which we believe would have strengthened the competitiveness of the Irish regime internationally. As businesses increasingly undertake R&D across global groups and cross-border teams, the rules need to reflect how modern R&D activity is actually carried out.

The detailed legislative changes will therefore be important. It remains to be seen what the final provisions will look like, and we look forward to seeing how they work in practice to support businesses, improve certainty and maintain the competitiveness of Ireland's R&D offering.



Overview

Irish Investment Account

Another notable development is the introduction of the new Irish Investment Account.

Ireland has traditionally had high levels of household savings but relatively low participation in investment products. The new regime is intended to encourage individuals to move a greater proportion of those savings towards longer-term productive investment.

Individuals will be able to contribute up to €12,000 annually, with a €50,000 tax-free threshold and a 1% annual tax applying to the value of the account above that threshold.

The concept is welcome. A deeper pool of domestic investment capital can support Irish businesses, broaden participation in capital markets and reduce our reliance on traditional forms of saving.

The success of the regime, however, will depend heavily on its practical design. If the intention is to change long-standing savings behaviour, the account will need to be straightforward, attractive and easy for individuals to understand. Simplicity of administration and the interaction with the wider investment tax regime will also be important.



Overview

Housing and Infrastructure

Housing remains one of the most significant constraints facing the Irish economy.

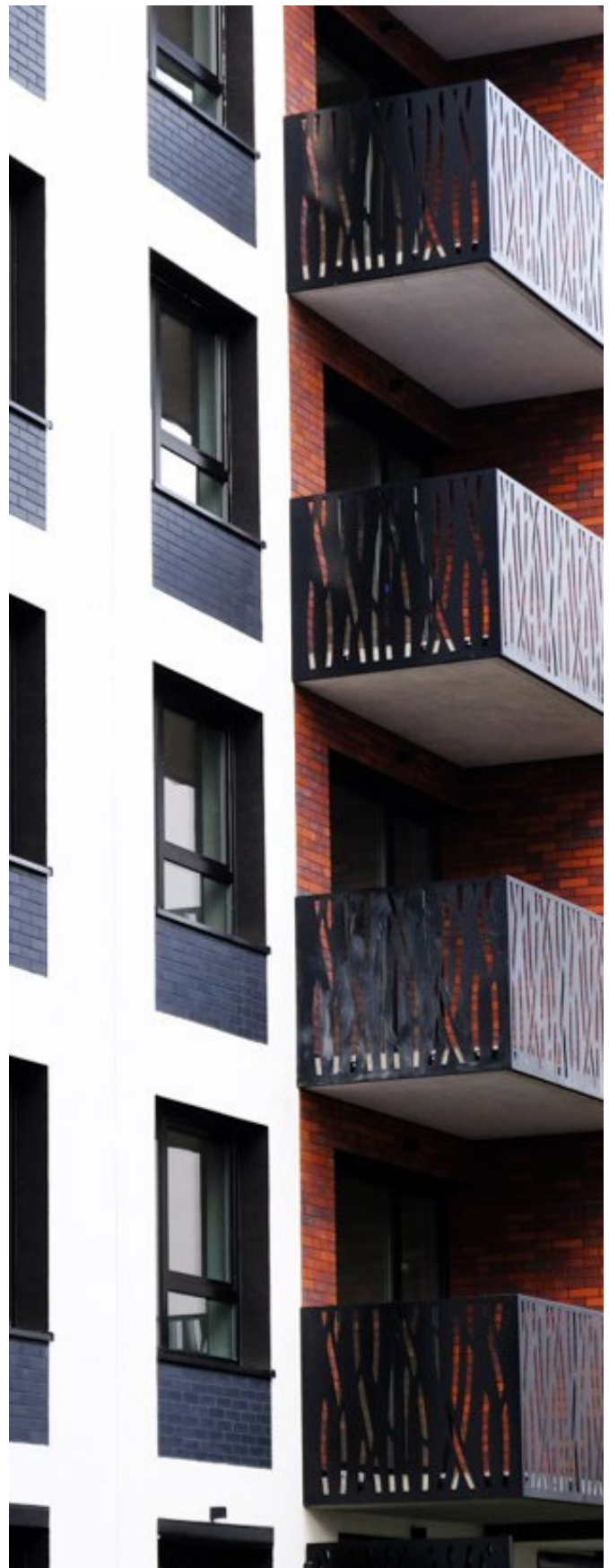
This is not simply a social issue. Housing availability is increasingly affecting employers' ability to attract and retain people, support labour mobility and ultimately maintain Ireland's competitiveness as a location for investment.

Budget 2027 provides more than €9 billion towards housing and includes an increase in Help to Buy support to €35,000, an increase in the Rent-a-Room tax-free threshold from €14,000 to €16,000 and an increase in the Rent Tax Credit.

There are also substantial commitments to transport, water and other infrastructure. €4.2 billion is being allocated to transport investment, including DART+, BusConnects and commuter rail projects, while a further €6 billion is being committed to MetroLink over the period from 2027 to 2030. Uisce Éireann will receive €2.3 billion for water and wastewater infrastructure.

For business, the key issue is delivery. Housing, transport, water and energy capacity are now directly connected to decisions around recruitment, expansion and investment.

The level of capital committed is significant, but the economic benefit will depend on how quickly those commitments translate into additional capacity on the ground.



Overview

Energy and Cost Pressures

The Budget also responds to renewed pressure on energy costs. Reduced excise rates on petrol and diesel will remain in place until 28 February 2027 before being restored in phases, while carbon tax on home-heating oil and natural gas is being reduced to €48.50 per tonne and held at that level for the lifetime of the Government.

These measures should provide some short-term relief for households and businesses.

The longer-term challenge remains unchanged, however. Ireland needs greater energy security, additional generation capacity and continued investment in the grid if businesses are to have confidence around future energy costs and capacity.



Overview

Simplification Still Matters

One area where we believe further progress is required is tax simplification.

The Irish tax system has become increasingly complex, particularly for businesses dealing with corporation tax compliance, employment reporting and investment incentive regimes.

Ahead of Budget 2027, BDO called for practical reforms to reduce unnecessary administrative burdens and make the tax system easier to navigate for businesses.

Tax competitiveness is not simply about headline rates and reliefs. Certainty, consistency and ease of administration all influence investment decisions and the day-to-day cost of doing business.

For many businesses, particularly SMEs, complexity itself is now a cost. Continued simplification should therefore remain a priority alongside the introduction of new incentives and reliefs.



Overview

Looking ahead

Budget 2027 provides some meaningful relief for workers and includes a number of positive measures for business.

The reduction in Capital Gains Tax, the changes to R&D, and the measures aimed at entrepreneurship, investment and access to capital are all welcome developments. It is also encouraging to see a greater policy focus on mobilising domestic capital and supporting the growth of Irish-owned enterprises.

There are, however, areas where businesses may have hoped for more. Employment costs, energy costs, regulation and infrastructure constraints continue to weigh on competitiveness, while the complexity of the tax system remains a concern.

Ireland's economic model has served us extremely well, but its success cannot be assumed. In an increasingly competitive international environment, tax policy needs to support not only the attraction of foreign investment, but also the creation, growth and scaling of businesses here in Ireland.

Budget 2027 moves the debate in the right direction. The next step must be to ensure that the measures announced are implemented in a way that is practical for taxpayers, supportive of investment and capable of delivering the competitiveness improvements that Irish businesses need.



DEREK HENRY
Head of Tax
6 October 2026

Business tax

Preliminary Corporation Tax

Whilst there are no changes to the current rates of Corporation Tax there will be changes to the preliminary corporation tax rules to reduce uncertainty, improve flexibility and reduce the administrative burden for companies.

Whilst it would appear that we will have to wait for the upcoming Finance (No 2) Bill 2026 for full particulars the Minister did indicate that the changes will include

- ▶ the threshold up to which a company is considered to be a “small company” for the purposes the purposes of preliminary tax payments will increase from €200,000 to €350,000.
- ▶ an extension to the current limited top-up mechanism, to provide that preliminary tax requirements are satisfied where at least 80% of the current year liability has been paid by the final preliminary tax instalment date and a top-up payment to reach 100% of the liability is made within four months of the end of the accounting period.
- ▶ removal of a 45% deeming provision, such that an underpayment of the second instalment of preliminary tax does not result in a deemed underpayment of the first instalment, where the first instalment payment was not of an amount at least equal to 50% of the prior year liability.

Start-Up Company Relief

The Minister announced an extension of relief under Section 486C TCA 1997 for qualifying start-up companies until 31 December 2030.

The relief continues to provide an exemption from corporation tax for qualifying start-up companies during their early years of trading, subject to certain conditions.



Withholding taxes

Professional Services Withholding Tax is being updated with the introduction of differing “Personal Deduction Rates” to replace the current flat rate of 20%.

In addition, self-employed taxpayers will be able to opt-in for the real time exchange of information with Revenue, to ease their administrative burden.

These changes are subject to Commencement Order.



Reform of Interest Deductibility Rules

Following on from last year’s Budget speech, and the publication of the Action Plan to reform Ireland’s tax regime for interest, the Minister confirmed that there will be several targeted amendments in this year’s Finance (No 2) Bill 2026 to simplify the existing provisions governing interest relief on borrowings taken out for certain lending and investment activities.

Funds Sector

The tax rate applying to Irish investment undertakings, equivalent offshore funds, and certain Irish and foreign life assurance products is reduced from 38% to 35%, with effect from 1 January 2027. Minister Harris also flagged this as an area for further work, including on the rate of taxation, deemed disposal rules, and lowering the administrative burden facing investors.

Whilst this announcement is welcome, taxation on these asset classes remains stubbornly higher than on those assets which are taxable under the CGT (now 31%) or DIRT (33%) regimes. Furthermore, both the 8-year deemed disposal rule on investment undertakings, and the 1% government levy on life assurance premiums, remain.

Under the deemed disposal rule, an investor is ‘deemed’ to have sold their holding every 8 years. Any ‘gains’ on the deemed disposal taxable, albeit the investor may not have received any actual proceeds. The removal of this rule would encourage long-term investment in Irish-domiciled funds.

International Tax - Pillar Two

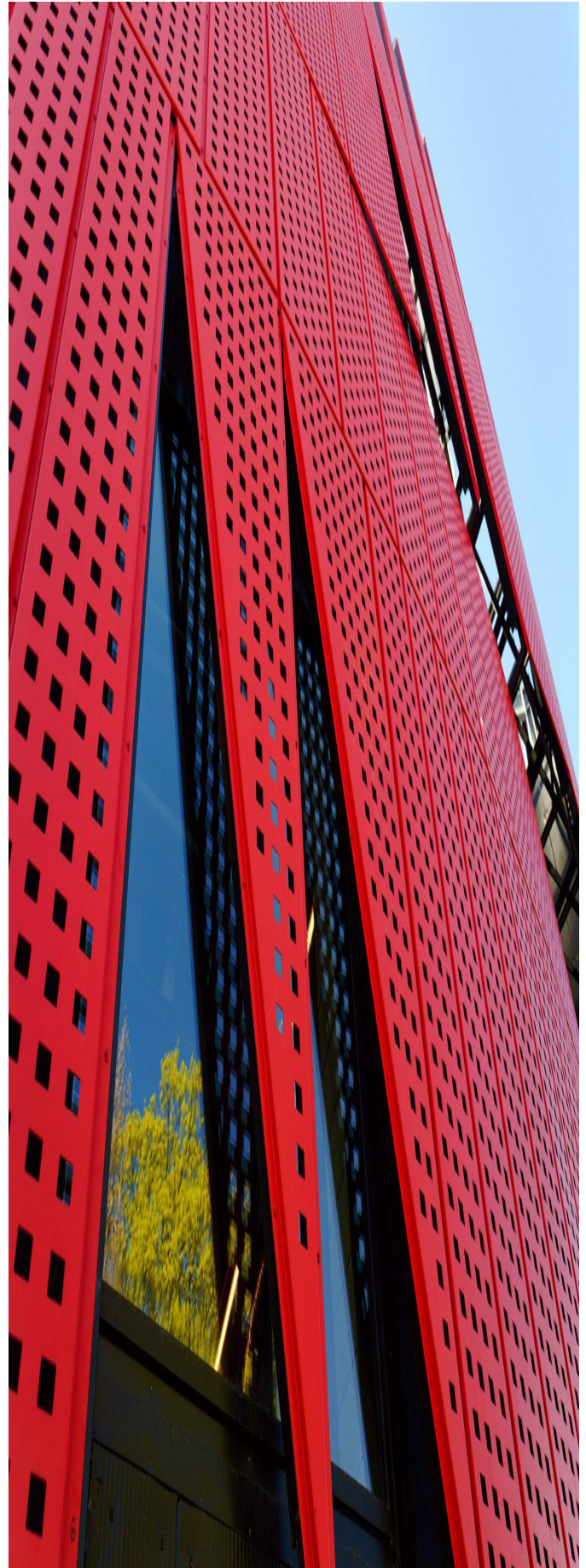
A number of changes are being made to Ireland's Pillar Two legislation following the agreement of the OECD Side-by-Side Package in January 2026. Ireland is required to implement the agreement within specific timeframes in order to satisfy the OECD peer review process. The agreement provides for the following safe harbours:

- ▶ extension of the existing Transitional Country-by-Country Reporting Safe Harbour,
- ▶ the Simplified Effective Tax Rate Safe Harbour,
- ▶ the Substance-based Tax Incentive Safe Harbour,
- ▶ the Ultimate Parent Entity Safe Harbour, and
- ▶ the Side-by-Side Safe Harbour.

Amendments are also being made to reflect further agreed Administrative Guidance published by the OECD in May and September 2026, and to update Pillar Two rules in relation to penalty and filing provisions.

Bank Levy

The bank levy which was introduced in 2024 (and applies to those banks that received financial assistance from the State during the banking crisis) is being extended for a further year with a revenue target yield of €200 million.



R&D Tax Credit Regime

The R&D tax credit currently provides a 35% tax credit for qualifying expenditure in the carrying on research and development activities.

Following the review of the R&D Tax Credit undertaken last year a number of enhancements to the R&D tax credit were announced:

- ▶ The existing subcontracting limits relating to both universities / institutes of higher education and unconnected third parties are being increased to 20% and €200,000.
- ▶ This first-year payment threshold is being increased from €87,500 to €105,000 to provide a cash-flow benefit for smaller R&D projects and encourage more companies to engage with the regime. This means that the first €105,000 of a claim will be payable in full in the first year, rather than over the standard three annual instalments
- ▶ A change is being made to improve the recognition of the R&D tax credit for the purposes of preliminary corporation tax. This will provide a cashflow benefit to companies where the credit is offset against tax liabilities.
- ▶ A new provision is being introduced which will allow claimant companies to increase their qualifying cost base by 5% of qualifying R&D wage costs, subject to the company having incurred a sufficient level of expenditure.
- ▶ An amendment is being introduced to provide that if a clinical trial is regulated, this fact may be used to satisfy the science test, to recognise R&D work undertaken by Irish companies as part of global trials and to reduce administrative burden. It is noted that this measure will be provided for at Committee Stage of Finance Bill (No 2) 2026 as technical work is ongoing on development of the relevant legislation.

Knowledge Development Box

Knowledge Development Box (KDB) relief is to be extended to 1 January 2032 with an option for existing claimant companies to elect out of the KDB regime. The option to opt out of the regime will be available for a limited time subject to specific conditions being met.



Carbon Tax

The Minister stated that Carbon Tax continues to be a fundamental part of Ireland's response to the energy transition.

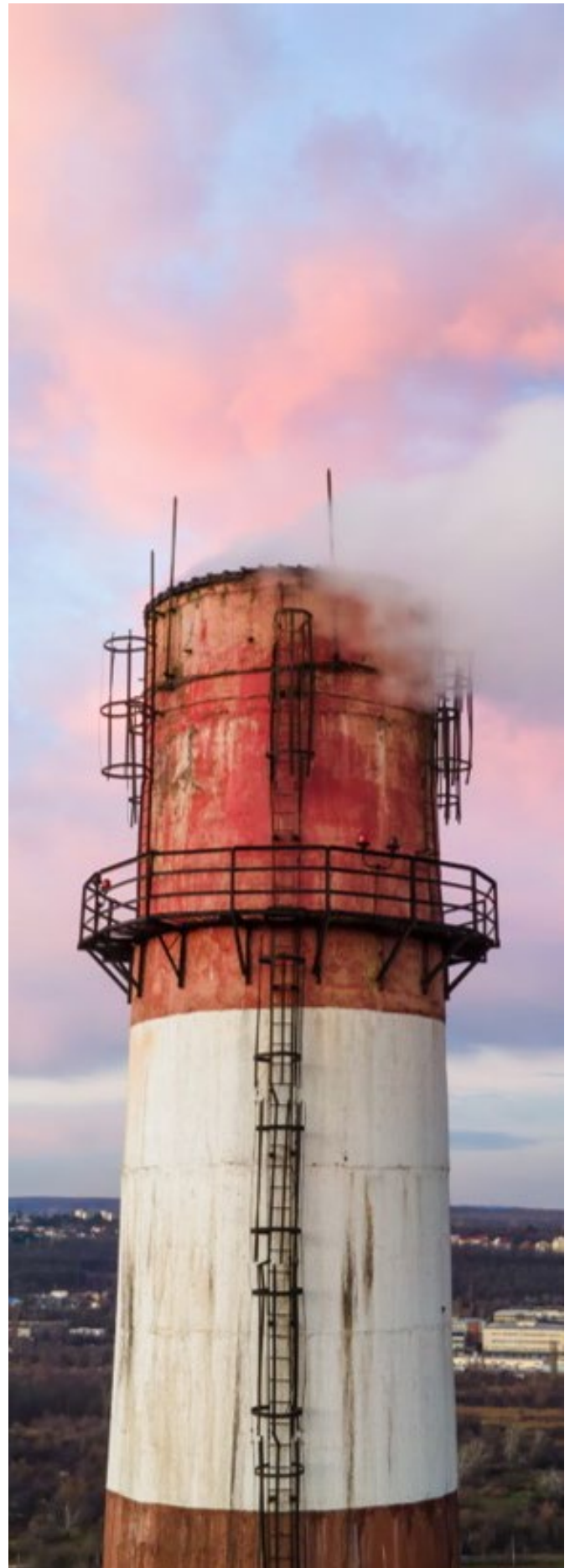
However given the current environment where energy costs are rising at unprecedented rates the Minister announced a number of measures to ease the cost in doing business, and the cost of living.

Carbon taxes on auto fuels currently due to increase on 14 October 2026 to €78.50 per tonne of CO₂ emitted will be deferred to 1 May 2027. A further increase will take place on 13 October 2027 whereby these fuels will be back on the trajectory to €100 per tonne of CO₂ as set out in Finance Act 2020.

Carbon taxes on kerosene and on natural gas will be reduced to €48.50 t/CO₂ emitted until 2030.

The scheduled increase of carbon tax on Marked Gas Oil (MGO) originally for 1 May 2026 will be deferred to 1 May 2027. The scheduled increase for 1 May 2027 will be deferred until 13 October 2027.

For the more minor fuels (including solid fuels), where those fuels' carbon tax increases were first deferred on 1 May 2026, there will be a double increase in the rate on 1 May 2027 such that the rate increases from €63.50 per tonne of CO₂ to €78.50 per tonne of CO₂; where those fuels' carbon tax increases were scheduled to take place on 14 October 2026, this increase will be deferred until 1 May 2027, with a further increase scheduled for 13 October 2027.



Irish Property Related Measure

The Minister today announced a number of tax measures affecting the Irish property and housing market, including changes to Residential Zoned Land Tax, the introduction of the new Derelict Property Tax and increased supports for home buyers and renters.

Residential Zoned Land Tax

Residential Zoned Land Tax (RZLT) is an annual tax applying to certain land which is zoned for residential development and serviced, but which has not been developed for housing. The tax is charged at 3% of the market value of land within the scope of the regime.

The Minister today announced a further opportunity for landowners to seek a change in zoning for land appearing on the revised RZLT map for 2027. In certain circumstances, landowners who make such a submission may also qualify for an exemption from RZLT for 2027. Further details will be contained in Finance (No. 2) Bill 2026.

Derelict Property Tax

The introduction of a new Derelict Property Tax (“DPT”) was first announced as part of Budget 2026, with the new tax intended to support the regeneration and return to use of derelict properties. DPT will replace the existing Derelict Sites Levy and will be administered by the Revenue Commissioners, based on registers of derelict properties maintained by Local Authorities.

The Minister today provided further detail on the operation of the new tax. DPT will apply to both residential and non-residential properties included on the relevant Local Authority register and will be charged annually at a rate of 7% of the self-assessed value of the property. Limited provision will be made to allow the tax to be deferred or abated where appropriate steps are taken to remediate a property within a reasonable timeframe.

Local Authorities will begin identifying properties during 2027, with preliminary registers to be published on 1 September 2027. The first DPT pay and file deadline will be 23 June 2028. The tax will initially apply in towns and cities with populations of 4,000 or more, before being extended to towns with populations of 2,000 or more in the following year. Further details will be set out in Finance (No. 2) Bill 2026.

Help to Buy

The Help to Buy scheme provides tax relief to first-time purchasers of qualifying newly built homes. Relief is currently based on the lower of a prescribed maximum amount, 10% of the purchase price of the property or the amount of Income Tax and DIRT paid by the purchaser in the previous four years.

The Minister announced an increase in the maximum relief available under the scheme from €30,000 to €35,000, with effect from 7 October 2026. The other parameters of the scheme remain unchanged.

Enhanced Reporting Requirements

With effect from 1 January 2027, employers will have a choice to either continue reporting relevant tax-free payments on or before the payment date, or report by the 14th of the month following the income-tax month in which the reportable benefit is provided.

The scope of benefits that need to be reported under the Enhanced Reporting Requirements regime remains unchanged



Personal tax

Income tax rates, bands, tax credits and exemption limits

As flagged in the media in advance, the standard rate band (the amount up to which an individual pays income tax at 20%) will increase from €44,000 to €46,500 for a single individual, with corresponding increases for married couples, with effect from 1 January 2027.

This will reduce the income tax liability of a single individual earning €46,500 or more by €250 per annum and of a married couple earning €46,500 or more each by €500 per annum.

The Personal Tax Credits, Employee Tax Credit (PAYE Credit) and Earned Income Credit for the self-employed will increase by €125 each from €2,000 to €2,125 commencing on 1 January 2027.

This will reduce the income tax liability of a single individual earning €46,500, or more, gross per annum (who would be entitled to either the PAYE Credit or Earned Income Credit) of €250 per annum and €500 per annum for a married couple earning €46,500, or more, gross each.

This will mean that a single individual (who is entitled to the full Personal Tax Credit and either the PAYE credit or Earned Income Credit) earning at least €46,500 gross per annum will be €766 better off (taking into account the changes to the USC bands mentioned further below) in 2027 compared to 2026. However, the increases in the PRSI rates mentioned below will eat into this overall saving slightly.



The Home Carer Tax credit (a credit payable where one spouse cares for a dependent person, including a child in respect of whom Child Benefit is payable, in the family home) will also increase by €100 per annum with effect from 1 January 2027.

The rate of tax that applies to Irish domiciled funds and life assurance policies and equivalent offshore funds and foreign life policies will reduce from 38% to 35%.

This change will be effective from 1 January 2027.

Minister Harris also stated that the government will continue to work on the wider funds regime including the 8 year deemed disposal provisions and that he intends to make further progress on “removing barriers to investment”.

However, what this means in practice, and when any changes might be introduced, remains to be seen.

Pay Related Social Insurance (PRSI) & Universal Social Charge (USC)

While not announced as part of today's Budget measures, the scheduled increases in PRSI rates are still due to take effect in accordance with existing legislation.

This is important to bear in mind as both the employee and employer PRSI rates increased to 4.35% and 11.40% respectively from 1 October 2026, and will increase again from 1 October 2027 to 4.5% and 11.55% respectively.

The employer PRSI threshold will be increased with effect from 1 January 2027 from €552 to €600 per week which will represent a saving for employers in respect of the cost of engaging employees who fall below this threshold.

The 2% USC band will increase by €1,600 so that it applies on income of €12,013 to €30,300. This will result in a modest annual saving of just €16 for a single individual earning over €30,300 gross per annum and €32 for a married couple earning at least €30,300 gross per annum each.

The changes to the USC bands are effective from 1 January 2027.

Rent Tax Credit

The rent tax credit will be increased from its current level of €1,000 for a single individual to €1,150 and from €2,000 to €2,300 in the case of a jointly assessed taxpayer.

Rent-a-Room relief

The amount up to which an individual can earn from renting out a room in their own home will increase from €14,000 to €16,000 per annum with effect from 1 January 2027.

The relief will also be extended retrospectively to designated auxiliary dwellings from 27 July 2026. These are generally detached residential units, commonly referred to as “granny flats”, situated on the same site as the principal private residence.

Personal Investment Account

The Minister finally announced details of the new Personal Investment Account which will be launched by providers on 1 July 2027 as part of the work to encourage and support retail investment in Ireland.

The account will be available to Irish resident individuals, aged 18 and over, who hold a PPSN.

The account will include a flat rate 1% tax applied to the value of the account above the €50,000 tax free threshold, with an annual contribution limit of €12,000.

The value of the account will be calculated daily, with the average of the daily values being used for the purpose of calculating the tax due, if any.

On launch, only one account will be allowed per person, with consideration being given in future years to whether provision can be made for multiple accounts.

Eligible providers will be MiFID-authorised service providers, regulated fund managers, and insurance companies.

On introduction, individuals can choose from a range of eligible products to be held in the account which will be limited to shares, bonds, investment funds and insurance-based investment products.

Existing regimes in place for taxation of retail investment, including the deemed disposal rule, will not apply to the new account. All tax reporting, tax administration and payment of any tax due to Revenue will be managed by the provider, thereby removing the requirement for the individual investor to calculate or return any tax due. Further details will be set out in Finance (No. 2) Bill 2026.

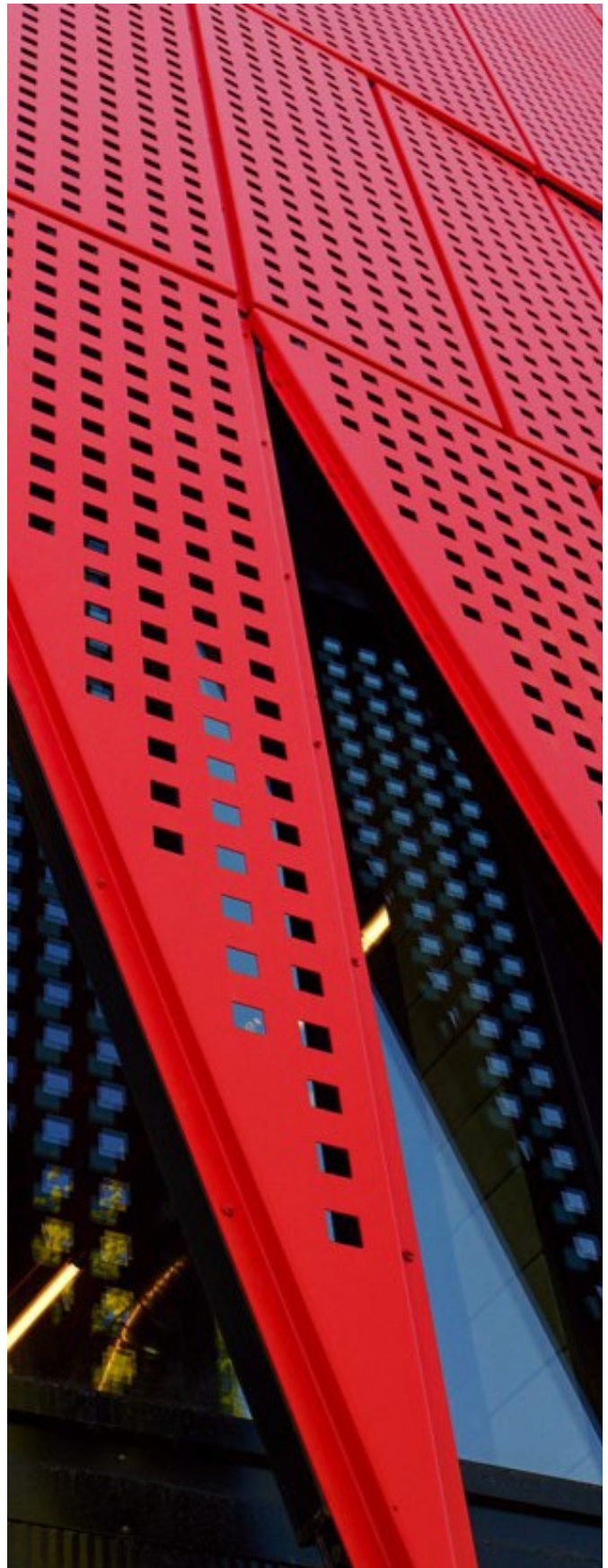


Relief for Investment in Corporate Trades

The Minister confirmed that he intends to extend the Employment Investment Incentive Scheme (“EIIS”), Start Up Relief for Entrepreneurs (“SURE”), Start Up Capital Incentive (“SCI”) and the Relief for Investment in Innovative Enterprises subject to the new EU State Aid regulation. All of these reliefs had been due to expire on 31 December 2026.

Standard Fund Threshold

No changes were announced to the scheduled increases in the Standard Fund Threshold, which were already legislated for in Finance Act 2024. However, Minister Harris indicated that the Government intends to review the age-related valuation factors used in valuing defined benefit pension rights.



Third Level Tuition Fees Relief

The government have stated that they are committed to reducing the Student Contribution Fee in relation to third level education.

Therefore, in order to ensure that the income tax relief in respect of third level tuition fees operates as it should, Minister Harris has stated that the amount disregarded for the purposes of this tax relief will be brought into line with the Student Contribution fee.

Succession Farm Partnerships

The income tax credit available in respect of qualifying Succession Farm Partnerships is due to be increased with effect from such partnerships registered from 1 January 2027 from €5,000 per annum to €10,000 per annum for the first 5 years.

The Minister also stated that he will remove the current three-year waiting period (for applications made from 1 January 2027 onwards) before a qualifying transfer of farm assets can be made under a Succession Farm Partnership, facilitating earlier succession planning.

Childcare Services Income Tax Relief

The exemption threshold under the Childcare Services Relief scheme will increase by €5,000 per annum from €15,000 to €20,000 per annum. The limit on the number of children that can be cared for by a qualifying childminder will also be removed subject to complying with the relevant regulations.

Microgeneration

Where households sell electricity back to the national grid (most commonly where they have solar panels on their home), they can earn up to €400 per annum free from Income tax, USC and PRSI. This tax-free amount is due to increase by €200 per annum with effect from 1 January 2027.



Capital taxes

Capital Gains Tax

The rate of Capital Gains Tax is reduced from 33% to 31% for disposals on or after 7 October 2026. The 33% rate remains in place for disposals of “development land”.

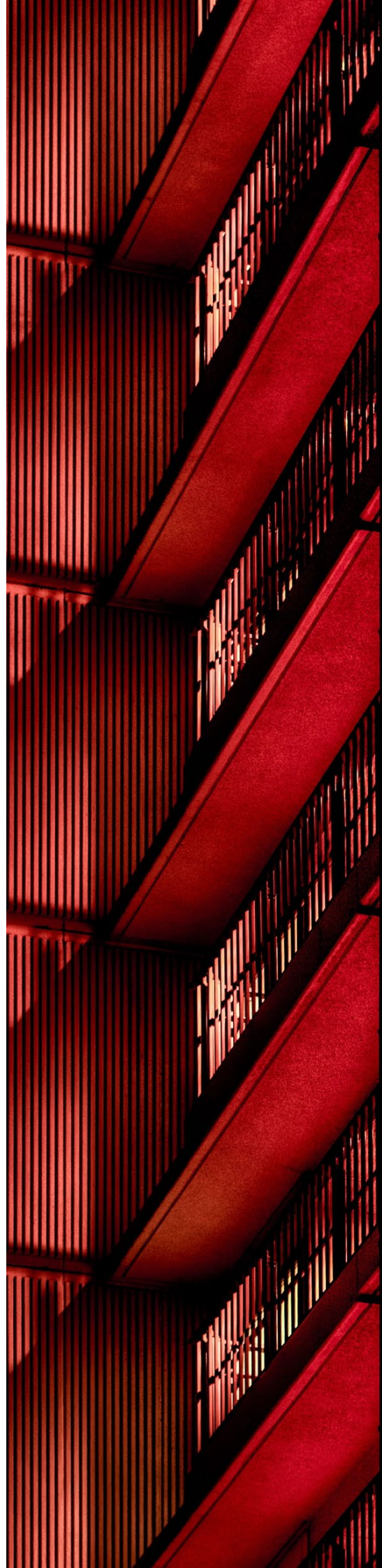
The Capital Gains Tax Relief for Investment in Innovative Enterprises, also known as Angel Investor Relief, is targeted at encouraging business angel investment in innovative start-ups. The relief operates in compliance with the EU regulations (GBER). A new GBER is expected to be adopted by the end of 2026 with entry into force scheduled for 1 January 2027. Subject to the adoption of the new GBER, it is intended to extend the relief in its current format.

Capital Acquisitions Tax

The rate of Capital Acquisitions Tax remains unchanged at 33%.

The Group CAT Thresholds were increased :

- ▶ CAT Group A from €400,000 to €420,000
- ▶ CAT Group B from €40,000 to €44,000
- ▶ CAT Group C from €20,000 to €22,000



VAT

While there were no major VAT updates announced in Budget 2027 for general business, there were a few welcome targeted VAT measures for the agri-food and charity sectors.

VAT Compensation Scheme for charities

The total annual cap for the Charities VAT Compensation Scheme is being increased from €10 million to €15 million for 2027.

The VAT Compensation Scheme aims to reduce the VAT burden on charities by partially compensating eligible charities for VAT incurred on their day-to-day expenditure where that VAT cannot otherwise be recovered.

VAT on livestock respiratory vaccines reduced to 9%

The VAT rate for non-oral respiratory vaccines for livestock will be reduced from 23% to 9%.

Oral medicines (including vaccines) currently attract the zero-rate of VAT in Ireland and the new measures announced in Budget 2027 will now reduce the VAT rate for non-oral respiratory vaccines for livestock from 23% to 9%. The measure should lower the VAT-inclusive cost of qualifying vaccines and support preventative animal-health measures. The effective date of the change should be announced in the Finance (No 2) Bill 2026.



Special Flat Rate Scheme for Farmers

The Special Flat Rate Scheme for Farmers will increase from 4.5% to 4.8% with effect from 1 January 2027.

The Special Flat Rate Scheme for Farmers compensates eligible farmers who are not VAT registered for VAT incurred on their purchases.

The rate is revised every Budget and is derived from a calculated average of VAT costs based on macroeconomic data collected from the CSO and Revenue over the preceding three years.

VAT Modernisation and E-Invoicing

In October 2025, Revenue announced that it would begin a phased roll-out of domestic E-Invoicing for business to business (B2B) transactions from November 2028. We expect further communication in respect of Ireland's approach to VAT modernisation and the roll out of E-Invoicing in Finance (No 2) Bill 2026.



Excise Duties

Tobacco Excise duty on tobacco products is being increased by €1, inclusive of VAT, on a pack of 20 cigarettes in the most popular price category, together with pro rata increases for other tobacco products.

Excise duty on all e-liquid products is being increased by 20 cents per millilitre, exclusive of VAT with effect from 1 January 2027. The increase will bring the total excise on e-liquid products to 70 cents per millilitre, VAT exclusive.

A new betting charge for totalisator or pool betting is being introduced, generally commencing on the 1 January 2027. The rate of excise duty will be 25% on commissions earned. There will be an exemption for on course pool bets.



VRT on Electric Vehicles

The Vehicle Registration Tax (VRT) relief for electric vehicles (EVs), which was due to end on 31 December 2026, is being extended for two years to end 2028.

From 1 January 2027, the Category A Vehicle Registration Tax percentage rates, used to calculate the CO₂ component of the charge, are being increased. The percentage rates applicable to bands 3 to 20 inclusive (cars with CO₂ emissions of more than 80g/km and upwards) are being increased by 1 per cent. The rates applicable to bands 1 and 2 will remain unchanged.



Appendices

Budget 2027 Tables

Income Tax

Rates	2027	2026
Standard tax rate	20%	20%
Higher tax rate	40%	40%
Standard Rate Bands		
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
Tax Credits		
Single person	€2,125	€2,000
Married couple/civil partnership	€4,250	€4,000
Single person child carer	€1,900	€1,900
PAYE	€2,125	€2,000
Earned income	€2,125	€2,000
Home carer (maximum)	€2,050	€1,950
Rent (single)	€1,150	€1,000
Incapacitated child	€3,800	€3,800
Blind Persons Tax Credit	€1,950	€1,950
Dependent Relative	€305	€305
Mortgage Interest Tax Credit	-	€625

USC

Universal Social Charge (USC) - Income €13,000 or less exempt			
2027*		2026	
First €12,012	0.5%	First €12,012	0.5%
€12,013 - €30,300	2%	€12,013 - €28,700	2%
€30,301 - €70,044	3%	€28,701 - €70,044	3%
Balance over €70,045	8%	Balance over €70,045	8%
Relevant income over €100,000	11%	Relevant income over €100,000	11%

*With Effect from 1 January 2027

Note: The reduced 2% USC rate for individuals who:

- Hold a full medical card, and
- Earn less than €60,000 per year

PRSI

Rates	2027**	2026*
Class A Employee PRSI	4.35%	4.2%
Employer PRSI on weekly income	9.15% (not exceeding €600)	9% (not exceeding €552)
Employer PRSI on weekly income	11.4% (over €600)	11.25% (over €552)
Self-employed PRSI	4.4%	4.2%

**0.15% PRSI increase from October 1st 2027

*0.15% PRSI increase from October 1st 2026

Corporation Tax

Rates	2027	2026
Standard Rate	12.5%	12.5%
Knowledge Development Box	10%	10%
Non-Trading income (& certain property transactions) rate	25%	25%

Stamp Duty

Rates	2027	2026
Residential property valued <€1m	1%	1%
Residential property valued >€1m	2%	2%
Residential (at least 10 relevant units)	15%	15%
Residential property valued >€1.5 million	6% (above €1.5m)	6% (above €1.5m)
Non-residential property (other than policies of insurance)	7.5%	7.5%
Shares (subject to some exceptions)	1%	1%

DIRT

Rate	2027	2026
DIRT	33%	33%

VAT

Rates	2027	2026
Standard Rate	23%	23%
Reduced Rate	13.5%	13.5%
The 9% VAT rate on gas and electricity will be extended to 31 December 2030	9%	9%
The 9% VAT rate on the provision of food, catering and hairdressing services effective from 1 July 2026	9%	9%
The 9% VAT rate on the sale of newly constructed apartments effective from 8 October 2025 until 31 December 2030	9%	9%
Reduced VAT on Respiratory Vaccines for Livestock	9%	23%
Farmers Flat Rate VAT	4.5%	4.8%

Capital Gains Tax

Rates	2027	2026
General Rate*	31%	33%
Entrepreneur relief (reduced rate)	10%	10%
Annual exemption	€1,270	€1,270
Angel Investor Capital Gains Tax Relief	16%**	16%**

*This reduction applies in respect of disposal made on or after 7 October 2026.

** 18% for qualifying partnerships

Irish Investment Funds / Equivalent Offshore Funds / Foreign Life Assurance Policies

Rate	2027	2026
Designated Tax Rate	35%	38%

Capital Acquisitions Tax

Rates	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

The increased Group thresholds will apply to gifts and inheritances taken on or after 7 October 2026.

Dividend Withholding Tax

Rate	2027	2026
Dividend Withholding Tax	25%	25%

FOR MORE INFORMATION:

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