

Budget 2026 Highlights

October 2025



Contents

Overview	03
Business Tax	07
Personal Tax	12
Employment Tax	14
Capital Taxes	17
VAT	18
Customs and Excise	20
Appendices - Budget 2026 Tables	
Income Tax	24
USC, PRSI, Corporation Tax	25
Stamp Duty, DIRT, VAT	26
Capital Gains Tax	27
Irish Investment Funds, Equivalent Offshore Funds, and Foreign Life Assurance Policies	27
Capital Acquisition Tax, DWT	27

Overview

Last year's Budget came against a backdrop of easing corporate tax receipts, stubborn inflation, and a housing market that could not keep up with demand. This year, many of those challenges are still with us, but the tone has shifted slightly. Minister for Finance, Paschal Donohoe, has delivered a budget that attempts to balance support for households and businesses with a strong emphasis on long-term investment and fiscal caution.

Economic and Fiscal outlook

Ireland's economy continues to perform well, though growth is slower and more balanced than in recent years. Corporate tax receipts are expected to hit a record €34 billion in 2026, but this is coming from a small number of very large companies – which remains a risk for the public finances. The Exchequer surplus is forecast to fall to about €5.1 billion next year, roughly half of this year's expected figure, as spending increases to address ongoing pressures in housing, healthcare, and infrastructure.

The Government has kept day-to-day spending growth relatively modest, around 6-7%, to avoid overheating the economy. Inflation is expected to stay below 2% this year and next, offering some welcome relief after a few difficult years for households. Carbon tax is increasing again, to €71 per tonne, with the proceeds ear-marked for environmental and social programmes.

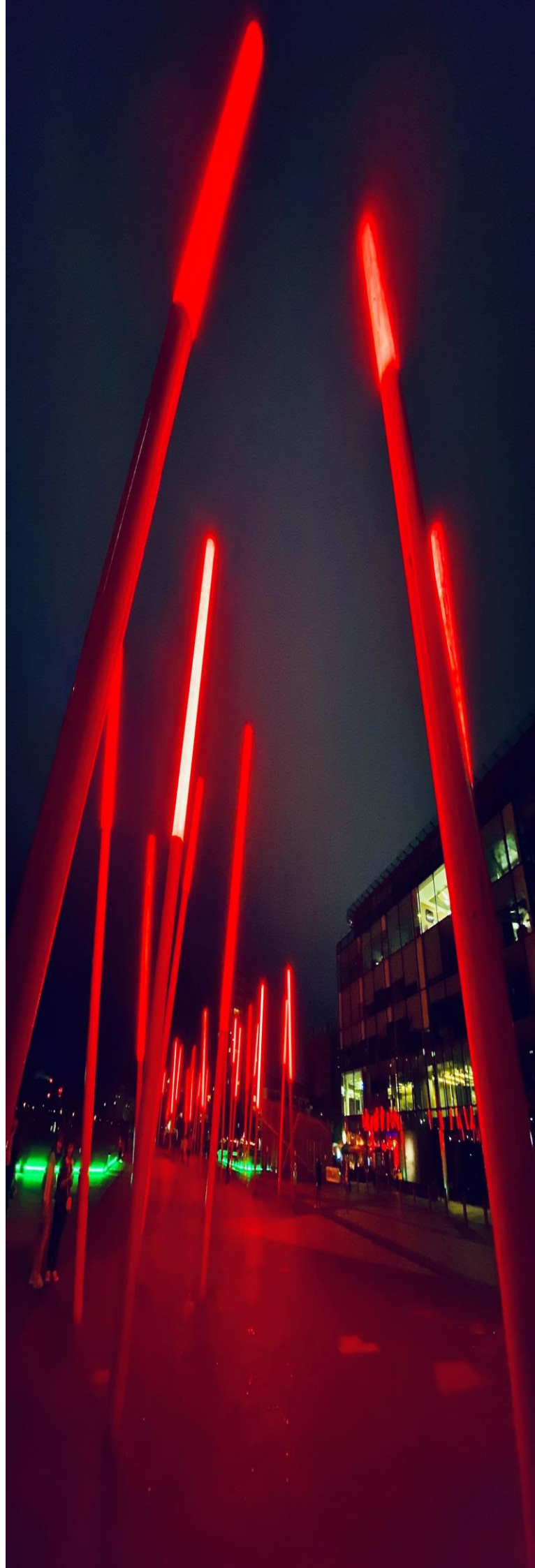


Overview (cont.)

Housing and Infrastructure

Housing remains the big challenge, and the Government has put it at the centre of this year's Budget. A total of €5 billion is being committed to housing delivery in 2026, alongside a reduction in VAT from 13.5% to 9% on new-build apartments to help get more projects off the ground. The target is to deliver around 25,000 new homes next year, including over 10,000 social homes.

Beyond housing, there is a major focus on infrastructure. The overall capital investment programme amounts to about €19 billion, funding projects in transport, water, and healthcare. These investments are intended to tackle long-term capacity issues that have been holding back growth. The Government is also continuing to set aside parts of the corporate tax windfall into the Future Ireland Fund and the Infrastructure, Climate and Nature Fund — a prudent move that supports both future investment and fiscal stability.



Overview (cont.)

Cost of Living and Social Supports

For households, Budget 2026 brings a package of targeted measures rather than sweeping tax cuts. Core social welfare payments, including pensions and jobseeker supports, will rise by €10 per week, and the Christmas bonus will again be paid in full. The minimum wage is increasing by 65 cents to €14.15 an hour, and a €1 billion contingency fund has been set up to deal with unexpected pressures over the year ahead.

The renters' tax credit is being extended to 2028, and a 9% VAT rate for food, catering, and hairdressing services will apply from mid-2026. Incentives for electric vehicles are also being extended, while the carbon tax increase will continue to fund retrofitting and climate transition programmes.

Business and Enterprise Measures

For business, this year's Budget is about stability and long-term competitiveness rather than dramatic change. The R&D tax credit is increasing from 30% to 35%, a welcome boost for innovative and high-growth companies. The reduction in VAT on apartment construction should also improve housing supply – a key issue for both employers and workers.



Overview (cont.)

A new Small Business Unit and National Enterprise Hub will be established to make it easier for SMEs to access advice and supports. The Government has been careful to avoid broad tax giveaways, focusing instead on measures that encourage sustainable investment and job creation. There is also a clear recognition that Ireland's reliance on a handful of multinational taxpayers is a risk that needs to be managed carefully.

We do feel that there are a number of missed opportunities here. Given global headwinds it is essential that we support a strong and vibrant business sector. While this budget is more pro business than previous budgets, businesses will likely feel more could be done.

Looking Ahead

The Government is continuing to invest in housing, infrastructure, and innovation, while keeping an eye on long-term fiscal sustainability. But challenges remain — particularly around housing delivery, cost pressures, and Ireland's heavy dependence on corporate tax receipts.

Overall, this is a steady, responsible Budget that aims to balance support for households and businesses with the need to plan for the future. The real test will be how effectively these commitments are delivered in the year ahead and whether as a collective they will have the outcomes required.



DEREK HENRY
Head of Tax
07 October 2025

Business tax

Participation Exemption

In order to reduce the complexity associated with the existing tax and credit regime for foreign source dividends, a new participation exemption for foreign source dividends came into effect from 1 January 2025. The exemption applies to relevant distributions received from relevant subsidiaries that are resident in EU/EEA and tax treaty jurisdictions. The method of claiming double taxation relief should continue to be available for dividends received from non-qualifying jurisdictions.

A company may choose annually whether to claim the exemption. Where the exemption is claimed, it will apply to all qualifying dividends received in that period. Where the exemption is not claimed, the existing method of claiming double taxation relief should apply.

The Minister noted his intention to simplify double tax relief under this exemption to improve the operation of the relief and to extend the geographical scope of the exemption to include jurisdictions where non-refundable withholding taxes apply.

Withholding taxes

The Minister highlighted the importance of withholding taxes to our tax system and stated his intention to modernise, digitalise and further expand the scope of withholding taxes.

Capital allowances on intangible assets (S291A)

Capital allowances are available for costs incurred on intellectual property (IP), and intangible assets acquired for the purpose of the trade. Capital allowances are ringfenced to 80% of the relevant trading profits in that accounting period. Companies are allowed to carry forward unused capital allowances into future periods. The carry forward amount will be subject to the ring-fence and cap in the relevant periods.

A technical amendment is being made as to how the balancing allowances, which arise on certain events can be used. This amendment will come into immediate effect as of 08 October 2025.



Reform of Interest Deductibility Rules

In conjunction with the Budget announcements an Action Plan to reform Ireland's tax regime for interest was published today by the - Department of Finance. The Minister acknowledged that in order to remain competitive, Ireland's tax code should be attractive to investment and aligned with international best practice.

Following an extensive consultation on the tax treatment of interest in Ireland, a resounding call for fundamental reform of the underlying framework for the taxation and deductibility of interest was paramount. The Action Plan has been devised as result of the responses received to the consultation and will progress reforms to achieve a simplified regime.

The Action Plan states that a feedback statement will be published in November, and further consultation will be carried out over the course of the next year with a view to include relevant amending legislation in Finance Bill 2026.

Funds Sector

A reduction of the tax rate that applies to Irish and equivalent offshore funds and foreign life assurance products from 41% to 38% was also announced in an effort to encourage retail investment.

Following the Funds Sector 2030 Report, a roadmap will be published early in 2026 which will set out the intended approach to simplify and adapt the tax framework to further encourage retail investment.

An Implementation Plan for the overall Funds Sector 2030 Report is also being published today.

The Minister indicated that although the Funds Sector 2030 Report recommended a public consultation on potential options for



an entity level tax for IREFs, that recommendation would not be progressed. However, the Department of Finance will undertake a public consultation on proposals to simplify the IREF regime without limiting its effectiveness.

Stamp duty measure for Irish SMEs and start-ups trading on regulated markets

A new market cap exemption Stamp Duty threshold of €1 billion for Irish SMEs and start-ups trading on regulated markets has been proposed as an attempt to support capital markets. For companies below the €1 billion threshold, the 1% Stamp Duty charge ordinarily paid on share transactions will not apply. The Minister highlighted that this measure aims to assist the growth of homegrown businesses, especially those aiming to expand internationally.

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 Minister announced a welcomed increase of the R&D tax credit rate from 30% to 35% which will be a. Also announced was the increase of the year one refundable R&D tax credit from €75,000 to €87,500 or 50% the value of the credit if higher to support smaller R&D projects.

Where an R&D employee has spent 95% of their time on qualifying R&D activities, 100% of that R&D employee's emoluments will be allowed as an administrative simplification measure.

In addition, an R&D compass will be published in the coming weeks that will consider targeted changes to the R&D tax credit to better align with industry practices, in areas such as outsourcing and qualifying expenditure definitions.

Digital Games Tax Credit

The sunset date for the Digital Games Tax Credit has been extended by six years from 31 December 2025 to 31 December 2031. To align with digital games development practices, the credit has been extended to allow for claims in respect of post-release content work subject to certain conditions.

Film Tax Credit

The Film Tax Credit is being amended to reflect a new 40% rate for productions with a minimum of €1 million of eligible expenditure on relevant Visual Effects expenditure up to a maximum of €10 million per production.

These amendments to the Digital Games and Film Tax Credits are both subject to a commencement order, pending approval from the European Commission.



Carbon Tax

Carbon Tax continues to follow the trajectory set out in the Finance Act of 2020.

Carbon Tax increases to €71 per tonne of CO₂. Additional revenue arising from this is estimated at €121m in 2026 and the full year additional yield is estimated at €157m.

This revenue will be spent on social welfare measures and other measures to prevent fuel poverty and to ensure a just transition; a socially progressive national retrofitting programme, and funding to encourage and incentivise farmers to farm in a greener and more sustainable way e.g. this year, the allocation for the Warmer Homes Scheme, which provides completely funded retrofits to low-income households, has seen an 11-fold increase relative to 2020 expenditure.

€558 million in carbon tax revenue allocated for residential and community energy upgrade schemes.



Irish Property Related Measures

The Minister announced a number of tax measures designed to expedite the supply of housing and alleviate pressures on renters.

VAT on sale of completed apartments

As expected, the Minister reduced the VAT rate as applied to the sale of completed apartments from 13.5% to 9%, in order to address the viability gap in apartment construction. This measure has immediate effect and will last until 31 December 2030. Further detail will be provided in the Financial Resolution.

Construction costs

In a further measure designed to address the viability gap in relation to apartment builds, the Minister announced an enhanced 125% corporation tax deduction for certain costs incurred on the construction of apartment developments and on the conversion of non-residential buildings into apartments. A minimum of ten apartments must be constructed and a deduction limit of €50,000 per apartment applies. The enhanced deduction will be available for projects where a commencement notice is submitted on or after 8 October 2025, up to 31 December 2030.

Cost rental housing

The Minister announced an exemption from corporation tax on rental profits arising from homes that fall within the Cost Rental Scheme. This exemption will apply to home developments that are designated as falling within the scheme from on or after 8 October 2025. This measure supports the government's commitment to accelerate the delivery of affordable homes.

Residential Zoned Land Tax

Residential Zoned Land Tax (RZLT) was introduced in Finance Act 2021 and applies to land which is zoned suitable for residential development and is serviced but has not been developed for housing, with the objective of increasing the national stock of zoned & infrastructurally serviced land while accelerating the delivery of housing across the country. It is an annual tax to be calculated at 3% of the market value of the land in scope. The tax came into effect on 1 February 2025.

Of the c. 2,000 RZLT returns filed to date, approximately a quarter have requested a deferral of the tax because the land is being actively developed within planning timelines.

The Minister also announced a further opportunity for landowners to avail of a RZLT exemption in 2026 if they seek to have their land rezoned to reflect the genuine economic activity being carried out. The exemption will be considered by Local Authorities based on guidelines issued by the Minister of Housing, Local Government and Heritage.

Further changes to enhance the operation of RZLT will be outlined in the Finance Bill.

Retrofitting deduction for landlords

This relief was introduced in Finance Act 2022 and allows landlords to deduct certain expenses incurred on retrofitting rented residential premises in calculating rental profits. The Minister today announced the relief will be extended for a further three years.

Living City Initiative

The Living City Initiative supports the enhancement of older housing and commercial properties in the designated Special Regeneration Areas in Cork, Dublin, Galway, Kilkenny, Limerick and Waterford. The Minister today extended the scheme to the end of 2030 and announced a number of substantial changes to strengthen the scheme, as follows:

- The scope for residential properties has increased from those built before 1915 to those built before 1975;
- The scheme will be amended to support the use of “over the shop” premises for residential purposes;
- Where the works are carried out by enterprises, the maximum amount of relief available will be increased from €200,000 to €300,000 and there will be greater flexibility on the time period over which the relief can be claimed;
- In the near future, it is intended that five regional centres under the National Planning Framework will be added to the scheme, in Athlone, Drogheda, Dundalk, Letterkenny, and Sligo.

Derelict Property Tax

The Minister today announced the introduction of a new Derelict Property Tax, which will be implemented and collected by the Revenue Commissioners, in order to target the activation of this housing stock. The new tax will replace the Derelict Site Levy, and the rate of tax is not intended to be less than 7% of the site market value.

Legislation providing for the Derelict Property Tax shall be brought forward in 2026. Preliminary registers of dereliction will be published in 2027, and the tax will be implemented as soon as possible after this date.

Irish Real Estate Funds (IREFs)

A public consultation process is being commenced on proposals to simplify the Irish Real Estate Fund (IREF) regime.



Personal tax

Income Tax Rates, Bands, Tax Credits and Exemption Limits

No changes were made to the main Income Tax rates, Income Tax Bands or the majority of Income Tax Credits (e.g., the Personal Tax Credits, Employee Tax Credit (PAYE Credit) and Earned Income Credit for the self-employed, Home Carer Tax credit, Single Person Child Carer tax credit, Incapacitated Child credit, Dependent Relative tax credit, Blind Person tax credit, etc.)

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 41% to 38%.

This change will be effective from 1 January 2026.

Minister Donohoe also stated that he intends to publish a roadmap early in 2026 setting out the intended approach to simplify and adapt the tax framework in relation to investment by retail consumers of these products.

This would be a welcome change as the current Irish and offshore fund tax regime is unnecessarily complicated. However, it remains to be seen how the taxation regime will be simplified.



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

While not part of the Budget speech, (as these rates changes were already legislated for in the Social Welfare Miscellaneous Provisions Act 2024), the rates for all classes of PRSI will increase initially by 0.1 percentage point from 1st October 2024, followed by further increases from October 2025 to October 2028. The proposed rate changes are as follows:

YEAR	EMPLOYEE	EMPLOYER
2024	4.10%	11.15%
2025	4.20%	11.25%
2026	4.35%	11.40%
2027	4.50%	11.55%
2028	4.70%	11.75%

The 2% USC band has been widened so that it applies on income of €12,013 to €28,700. This is to ensure that people on the increased national minimum wage will not see the recent increase push them into the 3.0% USC band.

All USC changes are effective from 1 January 2026.

Rent Tax Credit

The rent tax credit is not being increased from its current level of €1,000, or €2,000 in the case of a jointly assessed taxpayer. However, its availability is being extended until the end of 2028.

The credit will continue to be available to parents who pay for their student children's rental accommodation in the form of 'digs'.

Mortgage Interest Relief

Minister Donohoe announced the extension of the mortgage interest tax relief initially announced in Budget 2024 by a further two years to 31 December 2027.

Relief will continue to be available at a rate of 20% in respect of the increase in interest paid in the calendar year 2025 compared to calendar year 2022 and continues to be capped at a maximum credit of €1,250. This credit can be claimed in 2026. A reduced tax credit subject to a maximum credit of €625 will be available in respect of the increase in interest paid in the calendar year 2026 compared to calendar year 2022 and this credit can be claimed in 2027. This remains available to qualifying homeowners with an outstanding mortgage balance in respect of their principal private residence of between €80,000 and €500,000.

Employment tax

Changes to Benefit-in-Kind (BIK) for Company Vehicles

Within the Government's tax measures to support climate change, some changes were announced to the BIK rules for company-provided vehicles, with a particular focus on promoting electric vehicles.

Firstly, the temporary universal reduction of €10,000 to the Original Market Value (OMV) of company cars in categories A-D and all vans, which reduces the amount of BIK payable, is being extended on a tapered basis for three additional years, ending on 31 December 2028. The relief will remain at €10,000 for 2026, decrease to €5,000 for 2027, and to €2,500 for 2028. For electric vehicles, this extension will apply in addition to the tapered relief that applies from the OMV for calculating the taxable benefit on company-provided electric vehicles in 2026 and 2027, of €20,000 and €10,000 respectively.

Additionally, a new category for vehicles with zero emissions, Category A1, will be introduced in the BIK calculation tables. This category will offer reduced BIK rates for electric vehicles, ranging from 6% to 15% depending on business mileage, compared to the current rates from 9% to 22.5% for electric vehicles within Category A. This change is expected to take effect from 1 January 2026. Finally, the Budget 2026 Tax Policy Changes Book confirms the lower limit in the highest mileage band for BIK calculation will be permanently reduced from 52,001km to 48,001km from 1 January 2026.

The following example illustrates the BIK calculation for a company-provided electric vehicle in 2025, 2026 and 2027:

Example

Employee is provided the free use of a company car at the start of 2025. The vehicle is an Electric Vehicle. The original market value of the car was €50,000. The employee incurs less than 26,000 kms per annum.

The following outlines the payroll tax position for 2025 to 2027.

	2027	2026	2025
Original Market Value	50,000	50,000	50,000
Electric Vehicle Relief	(10,000)	(20,000)	(35,000)
Tapering Relief	(5,000)	(10,000)	(10,000)
Revised OMV	35,000	20,000	5,000
BIK Rate	15%	15%	22.5%
Taxable BIK	5,250	3,000	1,125
Tax Cost (including ER PRSI)*	3,331	1,904	712

*Based on marginal income tax and PRSI Rates applicable at the start of each year.

Extension of the Special Assignee Relief Programme (SARP)

In a move that was both expected and welcomed, SARP has been extended for an additional five years, now running until 31 December 2030. This extension aims to support employers in attracting key talent from overseas.

Some amendments to the current SARP regime were also announced. Starting from 1 January 2026, new entrants to the scheme will need to have an annualised salary of €125,000 or above to qualify, an increase from the current €100,000 salary requirement. Importantly, existing claimants who continue to avail of SARP in 2026 and beyond will not be affected by this change. While the term "new entrants" is not yet defined, it is anticipated, based on previous legislative provisions, to refer to individuals arriving in Ireland on or after 1 January 2026. Those who arrived in 2025 and for whom 2026 will be their first year of claim are expected to remain within the current SARP rules.

Additionally, further amendments to SARP are set to be introduced to simplify some of the administrative requirements. Details of these changes will be outlined in Finance Bill 2025. The official Budget 2026 papers included a paper on "Review of the Special Assignee Relief Programme" that incorporates stakeholder views on administrative requirements and may hint at the forthcoming changes.

Extension of the Foreign Earnings Deduction (FED)

FED is also being extended for five years, to 31 December 2030. The scheme is being amended so that from 1 January 2026 the maximum amount of relevant employment income that may qualify for income tax relief will increase from €35,000 to €50,000. In addition, the relief will be extended to apply in respect of qualifying time spent working in two additional countries: the Philippines and Turkey.

Further amendments to FED are set to be included in Finance Bill 2025 to simplify some of the administrative requirements and to ensure the relief is appropriately calibrated. A paper "Review of [FED]" addressing these and other considerations was published with the Budget 2026 papers.

Key Employee Engagement Programme (KEEP)

Finance Bill 2025 will provide for an extension of KEEP to 31 December 2028. This extension is subject to approval from the European Commission and will be commenced by Ministerial Order on receipt of such approval.



Capital taxes

Capital Gains Tax

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

The lifetime limit of €1m of capital gains which qualifies for the reduced Capital Gains Tax rate of 10% has been increased to €1.5m. The increased limit applies to disposals on or after 1 January 2026.

Capital Acquisitions Tax

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

Disappointingly, the Group CAT Thresholds also remained unchanged:

- ▶ CAT Group A from €335,000 to €400,000
- ▶ CAT Group B from €32,500 to €40,000
- ▶ CAT Group C from €16,250 to €20,000



VAT

There were a number of very welcome developments on the VAT side. Some of the key changes outlined include:

Hospitality

The VAT rate applicable to businesses in the provision of food, catering and hairdressing services will reduce from 13.5% to 9% with effect from 1 July 2026 to support businesses providing such services and to help support jobs in the sector.

This change will principally apply to restaurants, cafes, pubs serving food, takeaways, food caterers and hair salons.

Please note, there is no change to the VAT rate applicable to accommodation services or admissions to certain attractions, including an open farm, cinemas and theatres, where the VAT rate of 13.5% for such services remains in place.

Construction

The VAT rate applicable to the sale of newly constructed apartments will reduce from 13.5% to 9% with effect from 8 October 2025 until 31 December 2030, with a view to addressing the viability gap in apartment construction as part of a social policy to deliver more and higher-density apartments.



VAT (cont.)

Electricity and Gas

The temporary 9% VAT rate for the supply of electricity and gas has been further extended until 31 December 2030, with a view to alleviating energy cost pressures across the year for households. The temporary reduction in the VAT rate from 13.5% to 9% was due to expire on 31 October 2025.

VAT Modernisation and Electronic Invoicing

In light of the recently agreed changes to EU legislation, known as the EU's VAT in the Digital Age (VIDA) package, that will modernise the EU's VAT system, reshape VAT administration to make it work better for businesses and make the VAT system more resilient to VAT fraud, Revenue will begin a phased roll-out of domestic electronic invoicing arrangements for business to business (B2B) transactions.

Revenue will publish further details on this initiative in a paper tomorrow (8 October 2025).

Special Flat Rate Scheme for Farmers

The Special Flat Rate Scheme for Farmers will decrease from 5.1% to 4.5% with effect from 1 January 2026. The Special Flat Rate Scheme for Farmers compensates eligible farmers who are not VAT registered for VAT incurred on their purchases.



Customs and Excise

Tobacco

To support public health policy and to reduce smoking levels, excise duty on a packet of 20 cigarettes increased by 50c, with a pro-rata increase on other tobacco products.

e-Cigarettes (e-Liquid excise)

The Minister for Finance, Paschal Donohoe, has signed the commencement order to operationalise the E-liquid Products Tax (EPT), as legislated for in Chapter 1 of Part 2 of the Finance Act 2024. The new excise duty will apply from 1 November 2025. The introduction of EPT underlines Ireland's ongoing commitment to safeguarding public health and tackling the increasing consumption of vapes and related products, particularly among young people.

Under the new law, EPT will apply to both nicotine-containing and non-nicotine-containing e-liquid products at a single flat rate of 50 cent per millilitre of e-liquid. The taxing point for EPT will be the first supply of e-liquid product in the State and the tax will follow Revenue's standard model of self-assessment. Suppliers of e-liquid product will be required to register with Revenue in advance of making a first supply of e-liquid products in the State. Suppliers will also be liable to account for and pay the tax.



Customs and Excise (cont.)

ESG measures

The €5,000 VRT relief for electric vehicles has been extended for a further one year. Benefit-in-Kind regime for company cars has been extended, on a tapered basis, the universal relief on the Original Market Value of a vehicle which was first introduced as a temporary measure in 2023. This relief will remain at €10,000 in 2026. It will reduce to €5,000 in 2027 and €2,500 in 2028, being abolished from 2029. Creating a new vehicle category for zero-emission cars only, where the lowest BIK rates will apply.

Micro-generation of electricity: Income Tax disregard of €400 for income received by households who sell electricity from micro-generation back to the grid, extended for a further three years .

There has been an extension to the Accelerated Capital Allowance schemes for energy-efficient equipment, gas vehicles, and refueling equipment for a further five years until 31st December 2030 to encourage capital investment to help deliver a reduction in emissions.

There has also been an extension of the Accelerated Capital Allowance scheme for slurry storage facilities for four more years to continue to help farmers meet emissions targets.



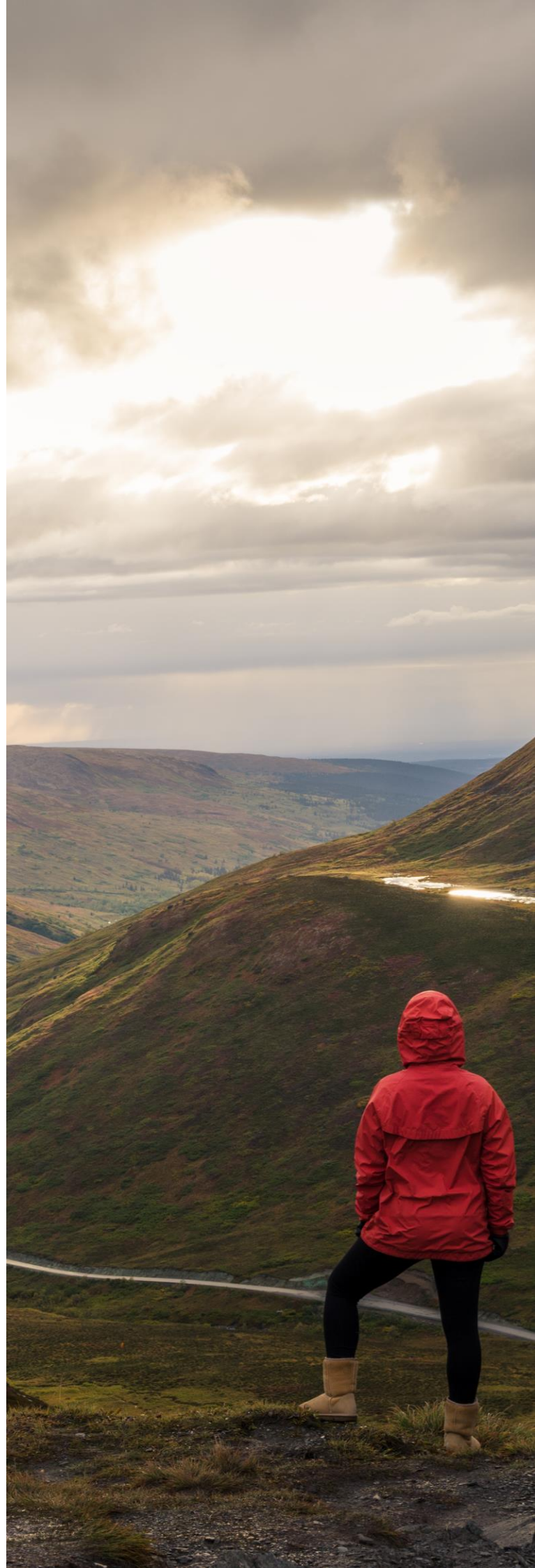
Customs and Excise (cont.)

Infrastructure, Climate and Nature Fund (ICNF)

€2 billion from the Infrastructure, Climate and Nature Fund is being allocated to progress MetroLink . By the end of next year, the Future Ireland Fund and the Infrastructure, Climate and Nature Fund is predicted to have built up to around €24 billion.

€3.5 billion has been allocated to ESB and EirGrid to strengthen energy security and accelerate Ireland's transition to renewable energy.

€1.1 billion allocated to the Department of Climate, Energy and the Environment in 2026 to be used for measures such as supporting Just Transition, energy upgrade schemes, SEAI Residential/Community retrofitting schemes, and de-carbonising rural bus routes.



Appendices

Budget 2026 Tables

Income Tax

Rates	2026	2025
Standard tax rate	20%	20%
Higher tax rate	40%	40%

Standard Rate Bands	2026	2025
Single/widowed	€44,000	€44,000
Married couple/civil partnership one income	€53,000	€53,000
Married couple/civil partnership two incomes	€88,000	€88,000
One parent family	€48,000	€48,000

Tax Credits	2026	2025
Single person	€2,000	€2,000
Married couple/civil partnership	€4,000	€4,000
Single person child carer	€1,900	€1,900
PAYE	€2,000	€2,000
Earned income	€2,000	€2,000
Home carer (maximum)	€1,950	€1,950
Rent (single) - <i>extended for a further 3 years to end of 2028</i>	€1,000	€1,000
Incapacitated child	€3,800	€3,800
Blind Persons Tax Credit	€1,950	€1,950
Dependent Relative	€305	€305
Mortgage Interest Tax Credit - <i>Extended for a further two years with a reduced value applying in the final year.</i>	€1,250	€1,250

USC

Universal Social Charge (USC) - Income €13,000 or less exempt.			
2026 *		2025	
First €12,012	0.5%	First €12,012	0.5%
€12,013 - €28,700	2%	€12,013 - €27,382	2%
€28,701 - €70,044	3%	€27,383 - €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 2026

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

- Hold a full medical card, and
- Earn less than €60,000 per year has been extended until the end of 2027.

PRSI

Rates	2026 **	2025
Class A Employee PRSI	4.2%	4.2%
Employer PRSI on weekly income	9% (not exceeding €527)	9% (not exceeding €527)
Employer PRSI on weekly income	11.25% (over €527)	11.25% (over €527)
Self-employed PRSI	4.2%	4.2%

** 0.15% PRSI increase from October 1st 2026

Corporation Tax

Rates	2026	2025
Standard Rate	12.5%	12.5%
Knowledge Development Box	10%	10%
Non-Trading income (& certain property transactions) rate	25%	25%

Stamp Duty

Rates	2026	2025
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 m	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)	1.0%	1.0%

DIRT

Rate	2026	2025
DIRT	33%	33%

VAT

Rates	2026	2025
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%	13.5%
The 9% VAT rate on the sale of newly constructed apartments effective from 8 October 2025 until 31 December 2030	9%	13.5%
Special Flat Rate Scheme for Farmers	4.5%	5.1%

Capital Gains Tax

Rates	2026	2025
General Rate	33%	33%
Entrepreneur relief (reduced rate)*	10%	10%
Annual exemption	€1,270	€1,270
Angel Investor Capital Gains Tax Relief	16% **	***

* Lifetime limit on gains to which the relief applies, from €1 million to €1.5 million for disposals made from 1 January 2026.

** 18% for qualifying partnerships)

*** The Angel Investor Capital Gains Tax Relief, which is targeted at encouraging business angel investment in innovative start-ups, was announced in Budget 2024, and will commence shortly. It is proposed to increase the lifetime limit on gains, on which the reduced rate of Capital Gains Tax applies, from €3 million to €10 million.

Irish Investment Funds, Equivalent Offshore Funds and Foreign Life Assurance Policies

Rate	2026	2025
Designated Tax Rate	38%	41%

Capital Acquisitions Tax

Rates	2026	2025
General Rate	33%	33%
Group A threshold	€400,000	€400,000
Group B threshold	€40,000	€40,000
Group C threshold	€20,000	€20,000

Dividend Withholding Tax

Rate	2026	2025
Dividend Withholding Tax	25%	25%

FOR MORE INFORMATION:

DUBLIN
(01) 470 0000

LIMERICK
(061) 414 455

This publication has been carefully prepared, but it has been written in general terms and should be seen as containing broad statements only. This publication should not be used or relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained in this publication without obtaining specific professional advice. Please contact BDO to discuss these matters in the context of your particular circumstances. BDO, its partners, employees and agents do not accept or assume any responsibility or duty of care in respect of any use of or reliance on this publication, and will deny any liability for any loss arising from any action taken or not taken or decision made by anyone in reliance on this publication or any part of it. Any use of this publication or reliance on it for any purpose or in any context is therefore at your own risk, without any right of recourse against BDO or any of its partners, employees or agents.

BDO is authorised by the Institute of Chartered Accountants in Ireland to carry on investment business. BDO, a partnership established under Irish Law, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Copyright © October 2025 BDO Ireland. All rights reserved. Published in Ireland.

www.bdo.ie