IRISH BUDGET 2027



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BUDGET OVERVIEW

After weeks of speculation, Finance Minister Simon Harris and Public Expenditure Minister Jack Chambers have delivered **Budget 2027**.

Mr Harris said the budget was being delivered "at a time of major global uncertainty".

"People need to feel the benefits of economic growth in their own daily lives and, indeed, in their pockets," the Tánaiste said.

Among the most notable measures introduced were changes to the higher rate tax bands, monthly childcare-cost limits and a personal investment scheme.

Mr Chambers said: "A married couple with one child in full-time childcare, both working and with a combined net income of €95,000, can expect to see a gain of over €3,500 next year – a 3.7% increase – because of the decisions we are making today."

INCOME TAX

RATE BANDS AND TAX CREDITS

- Income Tax Standard rate band increased by €2,500 to €46,500.
- Personal, employee and earned income tax credit up €125.
- Home carer tax credit increased by €100.

FIRST-TIME BUYERS AND RENT TAX CREDIT

- Help to Buy scheme increases by €5,000 to €35,000.
- Rent tax credit will rise by €150 to €1,150 for single renters and to €2,300 for couples.
- Tax-free threshold for earnings under the rent-a-room relief will rise to €16,000, extended to include newly installed detached auxiliary dwellings.

CAPITAL GAINS TAX

- Capital gains tax rate reduced by 2% to 31% for disposals on or after 7 October 2026. There is no change to the 33% rate which applies to the disposal of development land.

TAX ON INVESTMENT PRODUCTS

- 3% decrease to 35% from 1 Jan 2027 in the rate of tax on investment and life assurance products.

CAPITAL ACQUISITION TAX

The three capital acquisitions tax thresholds have been increased:

- Category A will increase by €20,000 to €420,000.
- Category B will rise by €4,000 to €44,000.
- Category C will rise by €2,000 to €22,000.

IRISH INVESTMENT ACCOUNT

- Limit of €12,000 per year contributions, with no tax on funds up to €50,000
- Over €50,000 will be taxed at 1% per annum.
- Accounts will be available from 1 July 2027.

BUSINESS MEASURES

MINIMUM WAGE

- 79 cent increase in the minimum wage, brings the rate to €14.94 per hour from 1 January 2027.

EMPLOYERS PRSI

- The weekly threshold for the reduced rate of employers PRSI will rise from €552 to €600 per week from 2027.

IRISH STRATEGIC INVESTMENT FUND

- New €1 billion programme to support Irish companies to grow internationally.

ENHANCED REPORTING REQUIREMENTS (ERR)

- From January 2027, businesses will have the option to move from real-time reporting to monthly reporting, reducing the administrative burden on employers.

INVESTMENT RELIEFS

- Subject to EU approval the Employment Investment Incentive (EII), the Start-Up Capital Incentive, Start-Up Relief for Entrepreneurs (SURE), and the Relief for Investment in Innovative Enterprises (known as Angel Investor Relief) will all be extended.

START UP RELIEF:

- The corporation tax relief for small start-up companies will also be extended.

PROFESSIONAL SERVICES WITHHOLDING TAX

- Personalised deduction rates will be introduced in place of the flat 20% withholding rate.

PRELIMINARY TAX

- Changes to the preliminary tax rules, reducing the burden on smaller enterprises are to be introduced.

R&D TAX CREDIT

- The limits on subcontracting to third-level institutions and third parties will increase from 15% to 20%, and from €100,000 to €200,000. The first-year payment threshold will rise from €87,500 to €105,000, providing cashflow support for businesses.

KNOWLEDGE DEVELOPMENT BOX:

- The Knowledge Development Box regime will be extended for a further five years.

RURAL PUBS

- €15 million has been allocated to support rural pubs.

FARMING

- Fuel Income Support scheme extended to cover further five-month period.
- The Farmer's Flat Rate VAT Addition which compensates farmers who opt not to register for the VAT will increase from 4.5 percent to 4.8 percent from 2027.
- Tax credit for Succession Farm Partnerships to double from €5,000 to €10,000.

- Removal of three-year holding period for Succession Farm Partnerships.
- VAT reduced from 23% to 9% on respiratory vaccines for livestock.
- €31m support allocated for a new fertiliser scheme, and €4m for the Straw Incorporation Measure (SIM).

WELFARE

- €10 increase in weekly pension and social welfare rates.

CARBON TAX AND EXCISE DUTY

- Restoring of excise on petrol and diesel has been postponed to February 28th 2027. Gradual restoration thereafter in four phases, with a full restoration not occurring until 30 June 2027.
- Reductions in carbon tax on kerosene and natural gas to €48.50 per tonne.

VRT CHANGES

- VRT relief for electric vehicles extended for another 2 years until December 31st, 2028.
- VRT rates increasing by 1% on more pollutant cars in bands 3 to 20.

CIGARETTES AND VAPES

- Excise duty on a box of cigarettes will rise by €1.
- 20 cent per ml tax on vapes which adds about 40 cents to a small single-use disposable vape.

EDUCATION AND CHILDCARE

- Third-level student contribution fee falls by €150, bringing the annual charge to €2,350.
- Additional SUSI support for families with more than 1 child in college, level of increase is dependent on household income.
- Maximum childcare fees to fall from €735 to €550 per month, saving families up to €2,220 a year.

CHANGES TO TAX CREDITS FOR YEAR 2027

PERSONAL	2027 (€)	2026 (€)
Single	2125	2000
Married	4250	4000
Home Carer Credit	2050	1950
Earned Income Credit	2125	2000
PAYE	2125	2000

INCOME TAX BAND 2027

SINGLE PERSON	MARRIED PERSON
2027	**2027 (two incomes)**
20% of 1st €46,500	20% of 1st €93,000**
40% Balance	40% Balance **Transferable between spouses/civil partners (max of €55,500 can be claimed by any one spouse/civil partner)

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