



ROI BUDGET 2026

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TO KNOW**



COOPER PARRY

BUDGET 2026

Ireland's Pro-Investment Push Reaches New Heights

On 7 October 2025, the Minister for Finance, Pascal Donohoe, and the Minister for Public Expenditure and Reform, Jack Chambers, announced Budget 2026.

While last year's Budget focused on cost-of-living relief and one-off universal measures, this year's package is more targeted, permanent, and pro-investment. The government unveiled a €9.4 billion plan, including €8.1 billion in additional public spending and €1.3 billion in tax measures, aimed at boosting resilience, creating jobs and keeping Ireland competitive.

Ireland has been running strong Budget surpluses for the past three years, with €10.2 billion projected for 2025 and €5.1 billion for 2026. Two long-term funds have been established to tackle demographic, structural and climate challenges – reinforcing a clear message: **Ireland is open for business.**

From tax cuts and reliefs to incentives for homebuilding, entrepreneurship and R&D, the Budget is packed with measures designed to attract investment and support scaling.

That said, the question from workers remains: has enough been done to ease day-to-day cost-of-living pressures? While the Budget is undeniably strong, and arguably exceptional for business, its impact on living standards is less clear.

PERSONAL TAX

There are few tax measures to assist workers. Many will be disappointed that some measures introduced in previous budgets to assist with the high cost of living have not been repeated. There are likely to be more demand from employees for pay increases especially from public sector employees with the trade unions already expressing their concerns for their members.

- No increase in Personal, PAYE and earned income tax credits. They will remain at €2,000.
- No increase in the Income Tax standard rate band. It will remain at €44,000 for single individuals and €53,000 for married couples/civil partners with one earner.
- The ceiling for the 2% rate of USC will increase by €1,318 from €27,382 to €28,700
- The USC concession for those on medical cards and earning less than €60,000 per year will apply for a further 2 years until the end of 2027.
- The National Minimum Wage will increase from 1 January 2026 by 65c to €14.15 per hour for workers over 20 years.
- The income disregard for the Carer's Allowance is to increase by €375 to €1,000 for a single person's and by €750 for a couple bringing it to €2,000.
- The Income Tax disregard of €400 for income arising from the micro-generation of electricity sold back to the grid is extended for 3 years to 31 December 2028.

PROPERTY TAX

All these measures are designed to kickstart the building of stalled schemes and increase housing stock as there is a severe housing crisis in Ireland. This is impacting on the cost of living for both buyers and tenants.

- The Rent Tax Credit, which was introduced in Budget 2023, will be extended for a further 3 years to the end of 2028. The rent tax credit is €1,000 for single individuals and €2,000 for jointly assessed couples.
- Mortgage interest Tax Relief which was announced in Budget 2024 will be extended for a further two years until 31 December 2026. A reduced level of relief will apply in the final year. Homeowners with outstanding mortgage balances between €80,000 and €500,000 as of 31 December 2022 will be eligible.
- A reduction in the VAT rate on the sale of completed new-build apartments is being introduced with effect from 8 October 2025 until 31 December 2030. The VAT rate is being reduced from 13.5% to 9%
- A New Derelict Property Tax is being introduced to replace the Derelict Sites Levy. This levy is currently charged at 7%. The new charge will not be lower than that rate. Local Authorities will identify derelict properties with a register being published in 2027. The tax will come into effect following this.

- A new exemption from Corporation Tax is being introduced in respect of rental profits from homes that fall within the Cost Rental Scheme. This will apply to properties which are designated as falling within the scheme by the Minister for Housing, Local Government and Heritage from 8 October 2025.
- An enhanced Corporation Tax deduction for certain costs incurred on the construction of apartments and on the conversion of non-residential buildings into apartments is being introduced. This measure will allow a deduction of 125% of qualifying costs up to a maximum deduction of €50,000 per apartment. This will provide a benefit of up to €6,250 per apartment to the developer who is the beneficial owner of the apartment on completion. The relief will be available for projects for which a Commencement Notice is submitted from 8 October 2025 to 31 December 2030.
- Income Tax Relief for retrofitting by landlords will be extended for 3 years until 31 December 2028. This relief allows for a deduction by landlords for the costs incurred on certain retrofitting expenses for residential properties. The relief is also being enhanced as the number of properties for which relief can be claimed is being increased from 2 to 3 and the relief can be claimed in respect of the year in which the expenditure is incurred.
- The Residential Development Stamp Duty Refund Scheme is being extended until 31 December 2030. This scheme provides for a partial repayment of Stamp Duty paid on the acquisition of land where the land is subsequently developed for residential purposes subject to certain conditions. Further changes are also being made to the scheme including extending the time limits from 30 months to 36 months where an application for a refund is made in respect to large scale residential development. A full stamp duty refund can be claimed for multi-phase developments at the commencement of the first phase of the development.
- The exemption window for Residential Zoned Land Tax is extended. Landowners will have an opportunity to avail of an exemption from Residential Zoned Land Tax if they seek to have their land rezoned to reflect the activity they carry out on their land.
- Changes are proposed to the Living City Initiative which supports the enhancement of older houses and commercial properties in regeneration areas in the main cities. The changes proposed include:
 - extending the scheme until 31 December 2030,
 - increasing the age of the qualifying properties to those built before 1975,
 - providing relief for the conversion of commercial properties to residential properties,
 - increasing the amount of relief to €300,000 where works are carried out by enterprises and
 - extending the scheme to other areas.

BUSINESS TAX

Many of these measures are designed to ensure Ireland strengthens the foundations of its economy and society according to Jack Chambers, Minister for Public Expenditure. The message is that Ireland is a good place for foreign investment.

- There has been no change to the rate of Corporation Tax. The current rate of 12.5% will remain in place.
- The temporary universal relief to the Original Market Value in relation to the BIK regime for company cars which was due to end on 31 December 2025 is being extended on a tapered basis for another 3 years until 31 December 2028. The relief continues at €10,000 for 2026 before being reduced to €5,000 in 2027, €2,500 in 2028 before being abolished in 2029.
- The lower limit in the highest mileage band for BIK for vehicles is being reduced to 48,001km with effect from 1 January 2026.
- A new vehicle category is being introduced for zero emission cars where reduced BIK rates will apply.
- The Accelerated Capital Allowances Scheme for Energy Efficient Equipment and for gas vehicles and refuelling equipment is being extended to 31 December 2030.
- Changes are being introduced to the Intellectual Property Capital Allowances regime in relation to how balancing allowances can be used.
- The R&D Tax credit regime is being enhanced:
 - The first year payment threshold in R&D tax credit will increase from €75,000 to €87,500.
 - The rate of the R&D tax credit will increase from 30% to 35%.
 - 100% of an R&D employee's emoluments will be allowed as qualifying costs where at least 95% of their time is spent on R&D qualifying R&D activities.
- Enhancements are announced to the Film Tax Credit to give a new 40% rate of relief for productions with a minimum of €1m of eligible expenditure on relevant visual effects work up to a maximum of €10 m per production.
- The Digital Games Tax Credit is being extended for 6 years to 31 December 2031. The credit is also being enhanced to allow for claims in respect of post release content work subject to certain conditions.
- Changes are being introduced to the participation exemption for foreign dividends to include broadening the geographic scope to include jurisdictions that apply a non refundable dividend withholding tax and reducing the period for which companies must have been resident in a jurisdiction within the scope of the relief from 5 years to 3 years.
- The Key Employee Engagement Programme is being extended until the end of 2028.

- The Special Assignee Relief Programme is being extended for 5 years and the minimum qualifying income is being increased to €125,000. This will impact new entrants to the scheme.
- The Foreign Earnings Deduction is being extended for 5 years. The level of relevant employment income which can qualify for the relief is increasing to from €35,000 to €50,000 and the scheme is extended to include the Philippines and Turkey.
- The rate of tax applying to Irish domiciled Irish Collective Asset Management Vehicles, Authorised Investment Companies and Unit Trusts is being reduced to 38% from 41%. The rate of Life Assurance Exit Tax is also being reduced to 38%.

FARMING

The Agricultural industry is an important sector. These reliefs are to support the industry in challenging times and encourage young farmers where the average age of a farmer is approx. 60 years old.

- Capital Gains Tax Farm Restructuring Relief will be extended to 31 December 2029. The relief will also be extended to include forestry and woodlands.
- Farm Consolidation (Stamp Duty) Relief and Young Trained Farmers (Stamp Duty) Relief are extended to the end of 2029.
- The Farmer's Flat Rate Payment will decrease from 5.1% to 4.5%
- Accelerated capital Allowances will continue to be available on the construction of slurry storage facilities for a further four years to 31 December 2029. This allows for capital expenditure to be written off at 50% per year over a two year period.

CAPITAL GAINS TAX

- The lifetime limit for Revised Entrepreneurs Relief is being increased from €1m to €1.5million for disposals from 1 January 2026.

STAMP TAXES

- An exemption from the 1% rate of Stamp Duty on acquisition of shares in Irish registered companies is being introduced for companies trading on regulated markets with a market cap of €1 billion. This will apply to 31 December 2030.

VAT AND EXCISE DUTIES

- The VAT rate for businesses in the food, catering and hairdressing sector will decrease from 13.5% to 9%. This measure is coming into place from 1 July 2026.

This measure should be welcomed by the hospitality sector who have been lobbying for this VAT cut to help with the increasing costs of doing business and protect employment in the sector.

- The 9% VAT rate for gas and electricity will be extended until 31 December 2030.

This will be a welcome announcement for many households continuing to struggle with increasing energy prices over the winter period.

- A new phased roll out of domestic electronic invoicing arrangements for business to business transactions will be rolled out. More details are to be announced in respect of this.
- The €5,000 VRT relief for electric vehicles is being extended for a further year to 31 December 2026.
- Excise on cigarettes is to increase by 50c per packet of 20, with a pro-rata increase on other tobacco related products.
- Carbon Tax for petrol and diesel is increasing by €7.50 from €63.50 per tonne of CO2 to €71. This will take effect for vehicle fuel from 8 October 2025 and for other fuels from May 2026.
- The Bank Levy has been extended for a further year.

If you have any questions about how these changes may impact your business or finances, don't hesitate to get in touch with your usual CP contact or one of our authors:



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