ROI BUDGET 2027

COOPER PARRY

BUDGET 2027

THE GREAT IRISH GIVEAWAY?

Bigger tax credits. Bigger thresholds. Bigger support for households across the country.

With Ireland continuing to post budget surpluses and economic resilience holding firm against a backdrop of global uncertainty, Budget 2027 delivers an €8.5bn package aimed squarely at protecting living standards and keeping consumers spending.

From income tax cuts and increased rent supports to enhanced first-time buyer incentives, this is a budget that gives far more than it takes.

In fact, if there was ever any doubt where the Government's priorities lie, Budget 2027 settles the debate. Households and families are the clear winners. Businesses? They're not quite front of the queue, but they certainly haven't been left out in the cold.

With healthy surpluses at its disposal, the Government has chosen generosity over radical reform, softening cost-of-living pressures, supporting housing affordability and putting more money into people's pockets.

Here's what matters most.

PERSONAL TAX: MORE MONEY STAYS IN YOUR POCKET

Workers across Ireland are set to benefit from a combination of higher tax credits, wider tax bands and increases to key thresholds.

What's changing?

- Personal, employee and earned income tax credits increase by **€125**, rising from **€2,000 to €2,125**
- Home Carer Tax Credit increases by **€100**, rising to **€2,000**
- Standard rate income tax band increases by **€2,500**
    - Single individuals: **€44,000 → €46,500**
    - Married couples/civil partners with one earner: **€53,000 → €55,500**
- The upper limit of the 2% USC band increases from **€28,700 to €30,300**
- National Minimum Wage rises by **79c per hour to €14.94**

- Carer's Allowance income disregards increase significantly
- Tax-free income from selling surplus electricity back to the grid rises from **€400 to €600**
- Childcare Services Relief increases from **€15,000 to €20,000**

What does it mean?

For many employees, this will result in a meaningful reduction in their annual tax bill.

A single individual earning €50,000 could be around **€700 better off** annually, while a couple earning €100,000 could see combined savings of approximately **€1,500** through reduced income tax and USC.

Our view?

This is where most of the giveaway budget headlines come from. The Government is clearly using tax policy to ease pressure on household finances and help offset the impact of inflation. Employers may quietly welcome some of these changes too, particularly given the continued pressure on wage costs.

INVESTING: A NEW SAVINGS OPTION

A new **Ireland Investment Account** launches in July 2027.

Individuals will be able to contribute up to **€12,000 per year**, with a 1% tax applying to account values above €50,000.

Our view?

A positive move aimed at encouraging longer-term saving and investment. The key question will be whether the returns available make it attractive enough to compete with existing investment vehicles.

PROPERTY: MORE SUPPORT, SAME HOUSING PROBLEM?

Housing remains one of Ireland's biggest economic and political challenges, and Budget 2027 includes several measures aimed at easing the pressure.

Key changes

- Rent-a-Room Relief threshold increases from **€14,000 to €16,000**
- Rent Tax Credit increases to:
    - **€1,150** for individuals

    - **€2,300** for jointly assessed couples
- Help to Buy maximum relief increases from **€30,000 to €35,000**
- Residential Zoned Land Tax exemption opportunity extended
- New **Derelict Property Tax** introduced at **7%**

Our view?

The enhanced Help to Buy relief will be welcomed by aspiring homeowners. But let's be honest: affordability isn't the only issue.

Ireland's housing challenge is fundamentally a supply challenge. Additional incentives may help buyers compete, but they do little to increase the number of homes available. Until supply improves at scale, affordability pressures are unlikely to disappear.

BUSINESS TAX: STEADY AS SHE GOES

Businesses hoping for major tax reform may feel slightly underwhelmed.

The headline corporation tax rate remains unchanged at **12.5%**, with the Government largely focusing on targeted enhancements rather than wholesale reform.

Key measures

- Knowledge Development Box extended until 2032
- Corporation Tax Start-Up Relief extended to 2030
- Improved flexibility within the preliminary tax regime
- Updates to Pillar Two legislation
- Enhancements to the R&D Tax Credit regime
- Employer PRSI threshold increases from **€552 to €600**
- Potential extensions to entrepreneur and investment reliefs
- Simplification measures for Enhanced Reporting Requirements
- Exit tax rates for certain investment vehicles reduced from **38% to 35%**

Our view?

No fireworks here, but there are some sensible changes.

The enhancements to R&D tax reliefs are particularly welcome and should support innovation-led businesses looking to scale. Combined with continued certainty

around the corporation tax regime, Budget 2027 reinforces Ireland's attractiveness as a location for investment and growth.

FARMING: PRACTICAL SUPPORT FOR A CRITICAL SECTOR

A series of targeted measures have been introduced to support the agricultural sector.

Highlights include:

- VAT on non-oral livestock respiratory vaccines reduced from **23% to 9%**
- Succession Farm Partnership Tax Credit doubled to **€10,000**
- Farmer's Flat Rate Payment increases from **4.5% to 4.8%**
- Farm safety capital allowances extended to 2029

Our view?

Agriculture remains a cornerstone of the Irish economy. These measures won't transform the sector overnight, but they do provide welcome support at a time when farmers continue to face rising costs and operational uncertainty.

CAPITAL TAXES: A LITTLE MORE BREATHING ROOM

Capital Gains Tax

- CGT reduced from **33% to 31%** for most disposals from 7 October 2026
- No change to the 33% rate on development land

Capital Acquisitions Tax

Thresholds have increased across all three CAT groups:

- Group A: **€400,000** → **€420,000**
- Group B: **€40,000** → **€44,000**
- Group C: **€20,000** → **€22,000**

The CAT rate remains at **33%**.

Our view?

The reduction in CGT is a welcome boost for investors and business owners considering future exits. Combined with higher CAT thresholds, the changes should also support succession planning and intergenerational wealth transfers.

VAT, EXCISE & OTHER MEASURES

Among the notable changes:

- Electric vehicle VRT relief extended until the end of 2028
- Higher-emission vehicles face a 1% VRT increase
- Cigarette excise duty rises by €1 per pack
- Vape duties increase from January 2027
- Carbon tax on kerosene and natural gas reduced to €48.50 per tonne
- Fuel excise restoration delayed until February 2027
- Bank Levy extended for another year
- Charity VAT Compensation Scheme cap increased to €15m

Our view?

The reduction in carbon tax and delayed fuel duty increases will be welcomed by households grappling with energy costs. While perhaps not the greenest headline in the budget, it's one that many consumers will appreciate heading into another expensive winter.

BUDGET 2027: THE BOTTOM LINE

Budget 2027 was built on the luxury of healthy public finances.

With sizeable surpluses in hand, the Government has chosen to prioritise households, consumers and voters through a broad package of tax cuts, credits and cost-of-living supports. Businesses receive some useful enhancements, particularly around innovation and investment, but they’re not the headline act.

In short: this is less a reform budget and more a reward budget.

The challenge now is whether these measures simply make life a little easier today, or whether they help solve the deeper issues around housing supply, productivity, infrastructure and long-term competitiveness.

That's where the real test begins, and the CP team will be keeping you in the know as it unfurls.