

BUDGET 2027



Presented By:

CompanySetup.ie

Coliemore Hse, Coliemore Rd, Dalkey,

Co Dublin, A96 A8D5

Tel: 00353-1-2848911

Email: info@companysetup.ie

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Setup**

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Budget 2027 Update – The Main Points

Budget 2027 was announced by the Minister for Finance on Tuesday 6th October 2026. The main points are set out below. The overall package is worth about €8.65 billion – €7 billion of additional spending and €1.65 billion in tax measures, €1.3 billion of which is on personal tax. The Government is forecasting a surplus of €6.7 billion for 2026 and €9.5 billion for 2027.

Business Measures

- Preliminary corporation tax is being simplified. The “small company” threshold (based on the prior year’s corporation tax liability) is being increased from €200,000 to €350,000. Preliminary tax will also be treated as paid on time where at least 80% of the current year liability is paid by the final instalment date and the balance is topped up within four months of the year end, and the 45% deeming rule for the first instalment is being removed.
- The R&D tax credit is being enhanced: the limits on subcontracted R&D (universities and unconnected third parties) are increased to the higher of 20% or €200,000; the first-year payment threshold is increased from €87,500 to €105,000; companies may add 5% of qualifying R&D wage costs to their qualifying cost base; recognition of the credit for preliminary tax is improved; and regulated clinical trials will satisfy the science test. The credit itself remains at 35% of qualifying expenditure.
- The section 486C start-up company relief from corporation tax (full relief where the CT liability is under €40,000, marginal relief up to €60,000, for the first five years of trading) is being extended by four years to 31 December 2030.
- The Employment Investment Incentive (EII), the Start-Up Capital Incentive (SCI), the Start-Up Relief for Entrepreneurs (SURE) and Angel Investor CGT relief are to be extended in their current form, subject to the new EU General Block Exemption Regulation due from 1 January 2027.
- The Knowledge Development Box is being extended to 1 January 2032, with a time-limited option for existing claimants to opt out.
- Enhanced Reporting Requirements (ERR): from 1 January 2027 employers may choose to report tax-free payments to employees (travel, subsistence, small benefits etc.) by the 14th of the month following the month of payment, instead of on or before the payment is made.
- Professional Services Withholding Tax is being modernised, with personalised deduction rates replacing the flat 20% rate (subject to Commencement Order), and self-employed taxpayers will be able to opt in to real-time exchange of information with Revenue.
- The national minimum wage increases by 79 cent to €14.94 per hour from 1st January 2027.
- From 1st January 2027 the weekly earnings threshold for the higher rate of employer PRSI increases from €552 to €600, which keeps employers on the lower rate for full-time staff on the new minimum wage and saves roughly €650 to €700 a year per employee.

- The Ireland Strategic Investment Fund (ISIF) will launch a €1 billion programme to help Irish companies scale internationally.
- The bank levy is being extended for 2027 and is expected to raise €200 million. It will again apply to AIB, EBS, Bank of Ireland and PTSB, based on their deposits at the end of 2024.
- Ireland's Pillar Two (15% minimum tax for large groups) rules are being updated to implement the OECD Side-by-Side Package.
- The rules on tax relief for interest on borrowings used for certain lending and investment activities are to be simplified in the Finance Bill.

The Cost-of-Living Package

- €10 increase in the main weekly social welfare rates, including the State Pension, from January 2027.
- A 100% Christmas bonus will be paid this year to those in receipt of long-term social welfare payments.
- Fuel Allowance increases by €5 to €43 per week and the income threshold for a single pensioner increases from €534 to €640 per week. The Living Alone Increase rises by €3 to €25 per week.
- A new €500 cost of disability payment for almost 240,000 people getting a long-term disability payment, to be paid in the first quarter of 2027.
- Child Support Payment increases by €6 per week to €64 for children under 12 and €84 for children aged 12 and over. There is no change to the €140 monthly Child Benefit.
- Working Family Payment income limits increase by €30 a week, and the Carer's Allowance income disregard increases to €1,150 for a single person and €2,300 for a couple (July 2027).
- Childcare fees for children up to and including senior infants will be capped at €550 a month (down from €735), the National Childcare Scheme universal subsidy rises from €2.14 to €2.50 per hour, and families with income up to €38,500 (previously €34,000) will get the maximum income-assessed subsidy from September 2027.
- The student contribution fee is permanently reduced by €150 to €2,350, and maintenance grants increase by 4.5% from January 2027.
- Carbon tax on kerosene and natural gas (home heating) will be reduced from €63.50 to €48.50 per tonne and held at that level until 2030. The carbon tax increases on petrol and diesel due on 14 October 2026 are deferred to 1 May 2027. The carbon tax increase on marked gas oil (green diesel) is also deferred to 1st May 2027.
- The 9% VAT rate on gas and electricity bills, which was due to return to 13.5% this month, is extended for a further two years.
- The temporary reduction in excise on petrol and diesel is extended to 28 February 2027, with the full rates restored in stages by 30 June 2027.

Pensions

- The State Pension (Contributory) increases by €10 to €309.30 per week from January 2027.

- The age-related valuation factors used to value defined benefit pensions for the Standard Fund Threshold are being revised from 1st January 2027. The Standard Fund Threshold itself continues to increase in phases from €2 million to €2.8 million by 2029, as announced in Budget 2025.
- The Minister for Social Protection confirmed the aim of reaching a State Pension of €350 per week over the lifetime of the Government.

Taxation:

- The standard rate cut-off point is increased by €2,500 for all earners – from €44,000 to €46,500 for a single person and from €53,000 to €55,500 for a married couple.
- An increase of €125 in the personal tax credit, the employee tax credit and the earned income credit (each to €2,125), and €100 in the home carer tax credit (to €2,050).
- The ceiling of the 2% USC band increases by €1,600 from €28,700 to €30,300 so that full-time workers on the new minimum wage stay out of the 3% band. Incomes of less than €13,000 remain exempt from USC.
- The rate of Capital Gains Tax is reduced from 33% to 31% for disposals on or after 7th October 2026. Development land remains at 33%. Revised Entrepreneur Relief is unchanged.
- The Capital Acquisitions Tax thresholds are increased for gifts and inheritances taken on or after 7th October 2026: Group A from €400,000 to €420,000, Group B from €40,000 to €44,000 and Group C from €20,000 to €22,000. The rate remains 33%.
- Exit tax on Irish funds and life assurance policies (and equivalent offshore funds) is reduced from 38% to 35% from 1st January 2027. Companies and personal portfolio investment undertakings do not benefit. The 8-year deemed disposal rule remains. Irish-domiciled ETFs held through recognised clearing systems will also move to the 35% rate.
- A new Investment Account will be available from 1st July 2027 – up to €12,000 a year can be invested, with no tax on the first €50,000 of value and a flat 1% annual tax on the value above that. Deemed disposal, CGT and exit tax will not apply to the account. It will be open to Irish-resident adults with a PPS number (one account per person to begin with), and the provider will calculate and pay the tax, so no tax return is needed for it.
- The tax-free limit for childminders increases from €15,000 to €20,000 and the limit on the number of children minded is removed.
- The exemption for selling electricity from home solar panels (microgeneration) increases from €400 to €600.
- The tax relief on third-level fees is being aligned with the reduced student contribution by reducing the amount that is disregarded.
- Refunds under the Nurturing Skills Learner Fund will be exempt from income tax, USC and PRSI.
- The €5,000 VRT relief for electric vehicles is extended to 31st December 2028, and VRT rates for cars with emissions over 80g/km (bands 3 to 20) increase by 1% from 1st January 2027.
- Excise duty on 20 cigarettes increased by €1, the e-liquid (vape) tax increases by 20 cent per ml from 1st January 2027 and a new 25% pool betting charge is introduced.

This summary is for general information only, based on the Budget 2027 announcements, which may change when the Finance Bill is published. It is not tax, legal or financial advice and should not be relied upon – please take appropriate professional advice before acting.

- Farming: the farmer's flat rate VAT addition rises to 4.8%, VAT on livestock respiratory vaccines is reduced to 9%, accelerated capital allowances for farm safety equipment are extended to 2029, and the Succession Farm Partnership tax credit doubles to €10,000.

Housing

- The Rent Tax Credit increases by €150 to €1,150 for an individual and by €300 to €2,300 for a jointly assessed couple, for 2027 and 2028.
- The maximum Help to Buy refund for first-time buyers of new homes increases from €30,000 to €35,000 with effect from 7th October 2026. The refund remains limited to the lowest of €35,000, 10% of the purchase price and the income tax and DIRT paid in the previous four years.
- Rent-a-Room relief increases from €14,000 to €16,000 a year from 1st January 2027, and is extended to certain detached garden units built after 27th July 2026.
- A new Derelict Property Tax of 7% of the self-assessed market value of derelict residential and non-residential properties. It will apply first in towns and cities with a population of 4,000 or more, extending to towns of 2,000 or more in the second year. Preliminary registers will be published on 1st September 2027 and final registers on 1st March 2028, with the first pay and file date on 23rd June 2028. Owners who deal with the dereliction within a reasonable time may have the tax deferred or reduced.
- Landowners will get a further opportunity to request a change in zoning of land for Residential Zoned Land Tax for 2027.
- €9.4 billion has been allocated to housing, including €3 billion for social housing delivery (11,250 new social homes), €2.2 billion for social housing supports and homelessness services, and €225 million for the Housing Infrastructure Investment Fund.

Other Measures

- A personal income tax package of €1.3 billion, with a projected budget surplus of €9.5 billion for 2027 and an additional €1 billion for the Future Ireland Fund.
- Capital investment of €20.3 billion, including additional funding for Metrolink, transport, energy, water and housing.
- A €360 million skills package, including preparation for AI.
- Reviews of the Cycle to Work and TaxSaver commuter ticket schemes in 2027.
- The VAT Charity Compensation Scheme fund increases to €15 million and the annual limit on donations of heritage items increases from €8 million to €12 million.
- €15 million to support rural pubs, and the Free Contraception Scheme is extended to people aged up to 37.

Increase in income tax standard rate bands and tax credits

Standard rate bands have been increased for 2027 by €2,500 for a single person, with corresponding increases for married couples, and a €125 increase in the main tax credits:

Income tax standard rate bands and main tax credits

	2026	2027
Single person standard rate band	€44,000	€46,500
Single person child carer standard rate band	€48,000	€50,500
Married couple, one income standard rate band	€53,000	€55,500
Married couple, two incomes standard rate band	€53,000 plus max of €35,000	€55,500 plus max of €37,500
Personal tax credit	€2,000	€2,125
Employee tax credit	€2,000	€2,125
Earned income tax credit	€2,000	€2,125
Home carer tax credit	€1,950	€2,050
Rent tax credit (single / jointly assessed couple)	€1,000 / €2,000	€1,150 / €2,300

Increase in USC bands

The ceiling of the 2.0% USC band will be increased in 2027 by €1,600 to €30,300, with a corresponding reduction in the 3.0% band:

USC Rates and bands

2026	Rate	2027	Rate
First €12,012	0.5%	€0 - €12,012	0.5%
€12,013 - €28,700	2.0%	€12,013 - €30,300	2.0%
€28,701 - €70,044	3.0%	€30,301 - €70,044	3.0%
Balance	8.0%	Balance	8.0%
Self-employed income over €100,000	3% surcharge	Self-employed income over €100,000	3% surcharge

Incomes of less than €13,000 are exempt from USC.

No change in DIRT or Capital Acquisitions Tax rates

DIRT remains at 33% and the Capital Acquisitions Tax rate remains at 33%, with the thresholds increased as set out above.

Capital Gains Tax and Exit Tax reduced

The standard rate of Capital Gains Tax is reduced from 33% to 31% for disposals on or after 7th October 2026 (development land remains at 33%). Exit tax on funds and life assurance policies is reduced from 38% to 35% from 1st January 2027.

No change in the 1% levy on life assurance policy premiums

The Budget did not announce any change to the 1% levy on life assurance policy premiums.

PRSI rates

As previously legislated, the Class A and S employee PRSI rate increased from 4.2% to 4.35% on 1st October 2026 (employer rate up from 11.25% to 11.40%, reduced rate 9.15%). Further increases of 0.15% on 1st October 2027 and 0.2% on 1st October 2028 are scheduled. From 1st January 2027 the weekly threshold for the higher employer rate increases from €552 to €600.

Finance Bill 2026

The Finance (No. 2) Bill 2026 implementing Budget 2027 is due to be published in the coming weeks. It is possible that other taxation and pension changes not announced in the Budget could be introduced in the Bill, either at publication of the Bill or as it goes through the Dáil and Seanad.

Key Dates

- 1st October 2026 – PRSI rates increased by 0.15%
- 7th October 2026 – Capital Gains Tax cut to 31%, higher Capital Acquisitions Tax thresholds and the €35,000 Help to Buy maximum take effect
- 1st January 2027 – New income tax bands and credits, USC band, minimum wage, employer PRSI threshold, rent tax credit, Rent-a-Room limit, 35% exit tax rate and the new ERR reporting option apply
- 28th February to 30th June 2027 – Temporary fuel excise reductions phased out
- 1st May 2027 – Deferred carbon tax increases on petrol, diesel and green diesel take effect
- 1st July 2027 – Investment Account becomes available
- 1st September 2027 – Preliminary Derelict Property Tax registers published
- 1st October 2027 – PRSI rates increase by a further 0.15%

Important notice: This summary has been prepared by Company Setup for general guidance only, based on the announcements made on Budget Day, 6th October 2026. The measures may change when the Finance (No. 2) Bill 2026 and the Social Welfare Bill are published and as they pass through the Oireachtas. It does not take account of your particular circumstances and is not tax, legal, financial or investment advice, and it should not be relied upon as such. No responsibility is accepted for any loss arising from action taken or not taken on the basis of this summary. Please contact us or another appropriately qualified adviser before making any decision.

Tax and Social Insurance Rates 2027

Income Tax

Tax Rates	Tax Rate
Standard rate band	20%
Higher rate band	40%

Standard Rate Band	Bands 2027
Single / Widowed or surviving civil partner	€46,500
Single person child carer	€50,500
Married / Civil Partners, one earner	€55,500
Married / Civil Partners, two earners	€55,500 + increase max €37,500*

* The increase is the lower of €37,500 and the amount of income of the spouse / civil partner with the lower income. The increase is not transferable between spouses / civil partners. This gives a maximum standard rate band of €93,000 for a two-income couple.

Income Tax Exemption Limits	Limit 2027
Single (65 and over)	€18,000
Married / Civil Partners (at least one aged 65 or over)	€36,000
Additional allowance per child	€575
Additional allowance per child (3rd and more)	€830

Main income tax credits	Tax Credit 2027
Single Person	€2,125
Married / Civil Partners	€4,250
Employee tax credit	€2,125 (max)
Earned Income tax credit	€2,125 (max)
Home carer tax credit	€2,050 (max)
Rent tax credit (single / couple)	€1,150 / €2,300

Universal Social Charge (USC)

Total income subject to USC	USC Rate 2027
The first €12,012	0.5%
Next €18,288	2.0%
Next €39,744	3.0%
Balance	8%*

Individuals whose total income subject to USC for the year is less than €13,000 are exempt from USC. Reduced rates of USC (0.5% on the first €12,012 and 2% on the balance) apply to individuals who have a full medical card and whose income is €60,000 or less. *A 3% additional USC rate applies to non-PAYE income of the self-employed in excess of €100,000.

Tax and Social Insurance Rates 2027

PRSI Contribution Rates (from 1st October 2026)

PRSI	A1	S1
Employee	4.35%	4.35%
Employer (earning more than €552 pw; €600 pw in 2027)	11.40%	Nil
Employer (earning up to the threshold)	9.15%	Nil

Rates increase by a further 0.15% from 1st October 2027 and by 0.2% from 1st October 2028.

Social Insurance Benefits 2027

Benefit	Maximum weekly rate of benefit
State Pension (Contributory) Max personal rate (under 80)	€309.30
Widow's / Widower's / Surviving Civil Partner's Contributory Pension (under 66) Max personal rate	€269.50
Invalidity Pension Max personal rate (under 66)	€269.50
Illness / Jobseeker's Benefit Personal rate	€264.00

Tax and Social Insurance Rates 2027

Pensions – Income Tax Relief on Personal Contributions

Age attained during year	% of Net Relevant Earnings (max €115,000)
Less than 30	15%
30 – 39	20%
40 – 49	25%
50 – 54	30%*
55 – 59	35%
60 and over	40%

* The 30% limit also applies to certain professional sportspeople under 50 in relation to their income from their sports occupation.

Taxation of Pension Lump Sums

Total lump sums received since 7th December 2005	Tax
Up to €200,000	Tax free
Next €300,000	Standard rate income tax
Balance	Marginal rate income tax and USC

Chargeable Excess Tax

Total retirement benefits taken since 7th December 2005	Tax
Less than Threshold*	Nil
Excess over Threshold (€2.4m in 2027)	40%

* Threshold is the Standard Fund Threshold or Personal Fund Threshold, if greater. The Standard Fund Threshold is increasing in phases to €2.8 million by 2029.

Redundancy Payments – Tax Free Limits

	Band
Statutory	2 weeks for each year of service (including parts of a year) plus 1 week; maximum reckonable weekly pay of €600
Ex gratia – Basic	€10,160 + €765 for each complete year of service
Ex gratia – Increased	Basic + a maximum of €10,000; provided no entitlement to a pension lump sum and no ex gratia termination payment within last 10 years
Standard Capital Superannuation Benefit (SCSB)	N / 15 x Average Annual Remuneration over last 36 months less present value of tax-free pension lump sum

Lifetime limit of €200,000 on all tax-free ex gratia termination payments.

Tax and Social Insurance Rates 2027

Capital Acquisitions Tax

Total Gifts & Inheritances received since 05/12/1991	Tax Rate
Threshold	Nil
Balance	33%

Thresholds – with effect from 7th October 2026

Relationship to donor / testator	Threshold
Cat. A: Child or minor child of deceased child or parent (absolute inheritance on death)	€420,000
Cat. B: Brother, sister, child of brother or sister, or another lineal ancestor or descendant	€44,000
Cat. C: Others	€22,000

Exit Tax Rate

	2026	2027
Life assurance policies effected on or after 1st January 2001 and Irish funds	38%	35%

DIRT Rates

2023	2024	2025	2026	2027
33%	33%	33%	33%	33%

Capital Gains Tax

	Rate
Disposals before 7th October 2026	33%
Disposals on or after 7th October 2026	31%
Development land	33%
Revised Entrepreneur Relief (lifetime limit €1.5m)	10%

Inheritance Tax – child inheriting from parent following changes in Budget 2027

Inheritance	Inheritance Tax*
€300,000	€0
€400,000	€0
€500,000	€26,400
€600,000	€59,400
€700,000	€92,400
€800,000	€125,400
€900,000	€158,400
€1,000,000	€191,400

* assuming full Class A threshold of €420,000 is available.