

Budget 2025

Our analysis of Budget 2025:
The Apple Tax Windfall Budget



Budget Overview

The coalition has made its multi-billion-euro pitch to voters ahead of the general election, with an €8.3bn Budget comprising €1.4bn in tax cuts and €6.9bn in new spending.

Finance Minister Jack Chambers said the changes to personal income taxes would support low and middle-income earners.

A range of tax changes and one-off measures announced in the Budget should leave most people better off.

Included in the raft of measures is an increase in the entry point for the higher rate of tax, a number of hikes in social welfare payments and a series of once-off payments to deal with the cost of living.

The Government is increasing the main tax credits – the personal, employee and earned income credits – by €125 each.

This means the maximum employee tax credit for 2025 will be €2,000 for a single person.

There is also a €2,000 increase in what is called the standard rate cut-off point. This means workers will be able to earn more before paying the top tax rate of 40% as the standard rate cut-off point goes from €42,000 to €44,000.

And Mr Chambers reduced the Universal Social Charge (USC) middle rate from 4% to 3%.

Jennifer's Analysis

Budget 2025 has been one of the most anticipated budgets in recent years, and it seems to have largely met expectations (political and coalition drama aside!).

The Government's Summer Economic Statement released in July provided a clear indication of the fiscal parameters for Budget 2025 and for the most part, there have been few surprises.

The cost-of-living pressures and economic upheaval many have faced in recent years means that both the Cost of Living and Social Protection packages, along with the USC rate cut will offer a much needed and anticipated boost for low to middle income individuals amounting to hundreds to euros.

The Housing Crisis continues to dominate Budget 2025 announcements. The extension of the Help To Buy Scheme for first-time buyers until the end of 2029, along with an increase in the Rent Tax Credit should assist in providing more certainty and security for both buyers and suppliers in the market.

Unsurprisingly, environmental sustainability remains one of the biggest challenges facing the current government. The tax incentives announced around 'green initiatives' are an unsurprising but essential step towards creating climate resilience in this country. Time will tell whether these measures are sufficient to drive the necessary shift, but it is of no doubt tax incentives will play an integral part in the government's sustainability strategy in the coming years.

Finally, there was disappointment for SMEs, particularly the hospitality sector, with the absence of the much-lobbied-for VAT rate reduction. This omission is another setback for a sector that has faced numerous closures and hardship in recent months, with many calling for more targeted financial incentives in the budget.

Jennifer Power

SME PARTNER



Cost of Living Package

- ▶ €2.2 billion package overall
- ▶ Reduced 9% VAT on electricity and gas extended until April 30th, 2025
- ▶ €250 worth of energy credits split over two payments, one this year, other next year
- ▶ Additional €200 for recipients of the living alone allowance

Pensions & Social Welfare

- ▶ Weekly social protection payments to increase by €12
- ▶ “Baby boost” payment, parents of newborn given additional double child benefit payment in first month of the baby’s life
- ▶ €400 lump sum payment for Working Family Payment recipients
- ▶ Two double child benefit payments, in November and December of €280 per child
- ▶ Self-employed people can now get Carer’s Benefit
- ▶ Carers will receive an increased Carer’s Support Grant of €2000
- ▶ A €200 Living Alone one-off payment

Tax Credits for year 2025

Personal Tax Credits	2025	2024
Single	2000	1875
Married	4000	3750
Widowed Person	2315	2190
Single Child Carer	1900	1750
Home Carer Credit	1950	1800
Earned Income Credit	2000	1875
PAYE	2000	1875
Widowed Parent Bereavement	2025	2024
In Year of Assessment	3600	3600
Incapacitated Child	3800	3500
Dependent Relative	305	245
Blind Person	2025	2024
Single / Married	1950	1650
Both Blind	3600	3300
Age Credit	2025	2024
Single / Married	245	245
Married	490	490

Income Tax Rates for year 2025

Single	Married (Dual Income)
20% of 1st €44,000	20% of 1st €88,000**
40% Balance	40% Balance **Transferable between spouse up to a max of €35,000 for any one spouse
Single Parents	Married (One Income)
20% of 1st €48,000	20% of 1st €53,000
40% Balance	40% Balance

Income Exemption Limits

Single / Widowed	2025	2024
65 Years and over	18000	18000
Married Couples	2025	2024
65 Years and over	36000	36000

Universal Social Charge

EMPLOYEE & SELF-EMPLOYED

2025	2024
0% on total earnings <€13,000 per annum	0% on total earnings <€13,000 per annum
0.5% on €0 to €12,012 per annum	0.5% on €0 to €12,012 per annum
2% on €12,013 to €27,382 per annum	2% on €12,013 to €25,760 per annum
3% on €27,382 to €70,044	4% on €25,760 to €70,044
8% on €70,045 to €100,000	8% on €70,045 to €100,000
PAYE INCOME 8% on excess over €100,000	PAYE INCOME 8% on excess over €100,000
SELF EMPLOYED INCOME 11% on excess over €100,000	SELF EMPLOYED INCOME 11% on excess over €100,000

Taxation

- ▶ Income tax package worth €1.6 billion
- ▶ USC cut for entry level to 3 %, rate increased by €1,622 to €27,382
- ▶ Inheritance tax: Capital Acquisition Tax thresholds to increase from €335,000 to €400,000
- ▶ Properties worth over €1.5 million to pay 6 per cent stamp duty
- ▶ Lower rate of income tax band to rise from €42,000 to €44,000

Housing

- ▶ Dpt. of Housing given €7.8bn, including €2bn towards 10,000 new-build social homes in 2025
- ▶ €680m allocated to schemes which would support the delivery of 6,400 affordable homes
- ▶ €1.6bn continue to support 66,000 social housing tenancies alongside an additional 7,400 social homes next year, as well as 38,000 social housing leases already in place
- ▶ 10,000 new households under the Housing Assistance Payment and Rental Accommodation Schemes in 2025

PRSI

Employer CONTRIBUTION FOR CLASS A	2025	2024
PRSI	10.15%	10.05%
Training Levy	1%	1%
Total for Employers	11.15%***	11.05%***

Employee	2025	2024
PRSI	4.1%**	4%*

Self Employed / Directors Contribution	2025	2024
PRSI	4.1%**	4%**

* NOT APPLICABLE IF EARNINGS LESS THAN €18,300 P.A. (€352 P.W.)
 **4.1% SUBJECT TO A MINIMUM PAYMENT OF €500
 *** €410 EARNINGS PER WEEK

Landlords, Renters & Mortgages

- ▶ Rent tax credit to rise by €250 to €1,000 and €2,000 for a jointly assessed couple for 2025
- ▶ Extension of the Help to Buy scheme to 2029
- ▶ Extension of mortgage interest relief to 2025
- ▶ landlord letting extension scheme extended

Childcare & Education

- ▶ Free schoolbooks up to Leaving Cert
- ▶ Student and apprentice fees to be reduced by €1,000 in this academic year
- ▶ Hot school meals programme increases to all primary schools
- ▶ Junior cert and Leaving Cert fees waived
- ▶ National Childcare Scheme to increase by 44% resulting in a reduction in full-time childcare costs by €1,100



From a business perspective this year's budget focussed on reliefs to further encourage research, development and innovation, which will further assist in providing Ireland with competitive advantage for attracting inward investment. The extension of the EIS and Start Up relief incentives will also provide resilience and certainty for SMEs and Start Up Businesses.

Jennifer Power
SME PARTNER

Long-term investment

- ▶ €1.25 billion of additional funding for the Land Development Agency
- ▶ €3 billion from sale of State's AIB shares for infrastructure spending
- ▶ €750 million for further development of electricity grid infrastructure

Healthcare

- ▶ Additional €2.7 billion to be given to health sector over two years
- ▶ 495 new beds to be introduced in hospital and community services
- ▶ Exemption from income, capital gains and capital acquisitions taxes on payments to women impacted by CervicalCheck screening failures
- ▶ Continued support for women's health, including increased access to IVF and Hormone Replacement Therapy free of charge

Climate

- ▶ €3 billion package to be set aside for climate transition between 2026 and 2030
- ▶ VAT on heat pump installation to be reduced to 9%
- ▶ Carbon tax rate per tonne of carbon dioxide emitted for petrol and diesel will go up €7.50, from €56 to €63.50, from October 9th
- ▶ €90 million will be made available to retrofit social homes for 2025

Public Transport & Infrastructure

- ▶ €3.9 billion package
- ▶ Free public transport expanded for all children under the age of 9
- ▶ €99 million for development of the Port of Cork
- ▶ New universal companion pass for people aged over 70 to bring a friend on public transport

Agriculture

- ▶ Over €2 billion to the department of agriculture next year
- ▶ €13 million for new tillage scheme
- ▶ €10 million for animal health measures
- ▶ €8 million to enhance payment rates of national beef welfare scheme

Business

- ▶ From Jan 1, the national minimum wage will increase by €0.80 per hour to €13.50 per hour.
- ▶ An increase in the small gifts exemption from €1,000 to €1,500 for an employer to provide limited non-cash benefits to workers
- ▶ Raising VAT registration thresholds that apply for the supply of goods and services, to €85,000 and €42,500 respectively
- ▶ An extension of the Bank Levy for a further year, with a target yield of €200m
- ▶ Extension to 2026 of the Employment Investment Incentive, the Start-Up Relief for Entrepreneurs and the Start-Up Capital Incentive
- ▶ CGT Retirement Relief retaining the increased upper age limit and intro of a clawback period of 12 yrs for relief available for disposals over €10m, after which the CGT will be abated
- ▶ An increase in the first-year payment threshold in the R&D tax credit, from €50,000 to €75,000

Justice & Defense

- ▶ €3.9 billion allocated to Justice sector including provision for recruitment of further 1,000 gardai and 350 prison officers
- ▶ International protection processing system to be expanded with hiring of 400 additional staff
- ▶ Net increase of 400 new Defence Forces personnel in 2025

Alcohol, Cigarettes, Vaping

- ▶ €1 increase in excise duty on packet of 20, bringing cost to €18.05 from midnight
- ▶ Tax to be introduced from mid-2025 of 50 cent per ml of e-liquid, bringing typical price of disposable device to €9.23
- ▶ No increase to alcohol excise duty

Fitzgerald Power is a leading financial advisor to the Irish SME sector.

We provide accountancy, corporate finance and taxation advice to businesses across the country.

If you need any support on implementing any of these changes or you have any questions regarding Budget 2025 please get in touch.

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