

Budget 2027

Our analysis of Budget 2027



Retail
Excellence
Ireland

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Foreword

There is plenty in Budget 2027 for investors and for households. As Brian sets out opposite, Capital Gains Tax is coming down, the R&D regime has been improved, and income tax bands have moved. Those measures are welcome.

For anyone who employs people, though, the most significant change is one that adds cost. The National Minimum Wage will rise by 79c to €14.94 an hour from January. That is a 48% increase since 2020, and it lands on top of auto-enrolment and statutory sick pay. Each of these is a decision made by the Government. Each of them is paid for by the employer.

Retail Excellence asked that the State share that cost. We proposed a lower employer PRSI rate on the first €36,000 of every wage in retail, and zero employer PRSI for workers under 25. Either measure would have made it more affordable to employ people and would have protected jobs for the lowest paid.

Instead, the employer PRSI threshold moves from €552 to €600 a week. That stops the increase from pushing a full-time minimum wage worker into the higher rate. It does not reduce the cost of employing anyone. Retailers and SMEs across the wider economy are being asked to carry this increase alone, representing a 48% rise in minimum-wage costs since 2020.

They do so from a weak position. Retail insolvencies are up 54% this year. Margins in our sector are thin, and when the money is not there, the response is always the same: fewer hours, fewer jobs and, for some, closure.

That is why the detail in this report matters. It sets out what changes, when, and what it will cost, so that you can plan for 2027 with clear numbers. I would encourage every retailer to read it closely and to take advice early.

Our work on employment costs continues, and the case for Budget 2028 starts now.

Jean McCabe

CEO
RETAIL EXCELLENCE IRELAND



Brian's Analysis

Budget Day always brings a significant amount of information, and this year is no different. While much of the immediate focus will understandably be on changes to personal taxation and the cost of living, Budget 2027 also includes important measures for businesses, business owners, investors, and those considering a transaction or succession.

From a business perspective, several developments stand out. The reduction in the standard Capital Gains Tax rate, together with further changes to investment and enterprise reliefs and enhancements to the R&D tax credit regime, signals a continued focus on encouraging investment, entrepreneurship and the scaling of Irish businesses. Employers will also need to consider how changes to PRSI thresholds, and the national minimum wage, interact with rising employment costs.

For individuals, changes to income tax bands, tax credits and USC will provide some additional relief, as will changes to areas including inheritance, housing and investment.

However, the real impact of a Budget is rarely captured by any one headline measure. For business owners in particular, changes to CGT, investment incentives, succession planning, R&D and employment taxes need to be considered together and in the context of their own plans. The details of the measures which will be set out in the Finance Bill next week will be keenly watched.

In this report, our Tax team has summarised the key announcements from Budget 2027 and, importantly, what they may mean in practice.

As always, the detail will continue to develop as the relevant legislation progresses. If any measure in this report could affect you or your business, I encourage you to speak to us before taking action.

Brian Kelly

TAX PARTNER
FITZGERALD POWER



Welfare

- ▶ €10 increase in pension and welfare rates.
- ▶ An annual cost-of-disability payment of €500.
- ▶ Income disregard for carer's allowance to rise by €150 for a single person and €300 for a couple.
- ▶ The child support payment to rise by €6, the living alone allowance to rise by €3 per week.
- ▶ Home carer tax credit increased by €100.

First-Time Buyers, Rent Tax credit, Inheritance Tax

- ▶ 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.

The three inheritance tax thresholds have been increased:

- ▶ Category A for inheritance tax from parents to children will increase by €20,000 to €420,000.
- ▶ Category B inheritances by siblings, nieces, nephews & grandchildren, will rise by €4,000 to €44,000.
- ▶ Category C which covers all other people benefiting from a gift or inheritance, will rise by €2,000 to €22,000.

Tax Credits for year 2027

Personal Tax Credits	2027	2026
Single	€2,125	€2,000
Married	€4,250	€4,000
Widowed Person	€2,540	€2,540
Single Child Carer	€2,025	€1,900
Home Carer Credit	€2,050	€1,950
Earned Income Credit	€2,125	€2,000
PAYE	€2,125	€2,000

Widowed Parent Bereavement	2027	2026
In Year of Assessment	€3,600	€3,600
Incapacitated Child	€3,800	€3,800
Dependent Relative	€305	€305

Blind Person	2027	2026
Single / Married	€1,950	€1,950
Both Blind	€3,900	€3,900

Age Credit	2027	2026
Single / Widowed	€245	€245
Married	€490	€490

Income Tax Rates for year 2027

Single	Married (Dual Income)
20% of 1st €46,500	20% of 1st €93,000**
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 €50,500	20% of 1st €55,500
40% Balance	40% Balance

Income Exemption Limits

Single / Widowed	2026	2025
65 Years and over	€18,000	€18,000

Married Couples	2026	2025
65 Years and over	€36,000	€36,000

Universal Social Charge

EMPLOYEE & SELF-EMPLOYED

2027	2026
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 €30,300 per annum	2% on €12,013 to €28,700 per annum
3% on €30,301 to €70,044	3% on €28,701 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 IN-COME 11% on excess over €100,000	SELF EMPLOYED IN-COME 11% on excess over €100,000

Housing

- ▶ €9.4 billion has been allocated for housing
- ▶ €2.2 billion to support social housing needs of 110,000 households
- ▶ €3 billion to fund social housing delivery including 11,250 new build social homes
- ▶ €225 million allocated to the Housing Infrastructure Investment Fund

Infrastructure

- ▶ €2.3 billion allocated to Uisce Eireann, €1.5 billion used to build capacity and increase resilience
- ▶ Metrolink - an additional €6 billion to progress from 2027 to 2030

Farming

- ▶ Fuel Income Support scheme extended to cover further five-month period this year.
- ▶ Removal of three-year holding period for applications around Succession Farm Partnerships.
- ▶ Tax credit for Succession Farm Partnerships to double from €5,000 to €10,000.
- ▶ Vat reduced from 23% to 9% on respiratory vaccines for livestock.

PRSI

Employer CONTRIBUTION FOR CLASS A	2027	2026
PRSI	10.25%	10.25%
Training Levy	1%	1%
Total for Employers	11.25%***	11.25%***

Employee	2027	2026
PRSI	4.1%**	4%*

Self Employed / Directors Contribution	2027	2026
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
*** €600 PER WEEK THRESHOLD FOR 9% RATE
*** A 0.1 % APPLIES FROM OCTOBER EACH YEAR

- ▶ €31 m for a new fertiliser scheme, €4m for the Straw Incorporation Measure (SIM).

Energy

- ▶ Restoring of excise on petrol and diesel, due to begin on November 1st, has been postponed to February 28th.
- ▶ 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 have been announced to €48.50 per tonne.
- ▶ Fuel allowance increase by €5 to €43 per week with higher income threshold for single people over 66 of €641.

Climate

- ▶ 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.
- ▶ €654.5 million for SEAI residential and community energy upgrade schemes.
- ▶ €170 million allocated to climate action & the environment..



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Brian Kelly
TAX PARTNER

State Investment Scheme

- ▶ Offer tax-free investment options in stocks & shares subject to certain limits.
- ▶ Limit of €12,000 per year, with no tax on funds up to €50,000.
- ▶ Over €50,000 will be taxed at 1 % per annum.
- ▶ Accounts will be available from July, 2027.

Capital Gains Tax & Deemed Disposal

- ▶ Capital gains tax cut 2% points to 31 %
- ▶ 3% fall to 35% in exit tax or deemed disposal in existing investment products.

Cigarettes, Vapes, Bank Levy

- ▶ 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
- ▶ Bank levy extended for a further year with target yield of €200 million.

Others

- ▶ Future Ireland Fund - an additional €1 billion allocated.
- ▶ Rural pubs - €15 million has been allocated to support.
- ▶ Minimum Wage - 79 cent increase in the minimum wage, brings the current rate to €14.94 per hour
- ▶ Employer PRSI - threshold would rise from €552 to €600 per week from 2027

Education

- ▶ Third-level student contribution fee falls by €150, bringing the annual charge to €2,350.
- ▶ SUSI support for families with more than 1 child in college increases, rising from €500 to €750 reduction per child.
- ▶ €5.3 billion is allocated to the Department of Further & Higher Education, Research, Innovation and Science for 2027

Arts, Culture & Sport

- ▶ League of Ireland academies additional €1 million, bringing their annual allocation to about €4 million.
- ▶ Exceed €100 million in high-performance athlete funding over an Olympic cycle for the first time
- ▶ Gaelic Players Association gets an additional €1 million.

Childcare

- ▶ Childcare costs being reduced, targeting savings of €2,200 per year for a child in full-time care.
- ▶ The weekly fee cap is being reduced to €55 for the relevant full-time childcare arrangement.
- ▶ The tax-free income limit for people minding children in their own homes increases from €15,000 to €20,000.
- ▶ The income threshold for accessing free/subsidised childcare is being increased.

Health

- ▶ Health budget increases by €1.7 billion to €29.1 billion in total expenditure.
- ▶ Free contraception is extended to women up to age 37, from the previous age limit of 35.
- ▶ Mental-health funding increases by €108 million, bringing budget up to €1.657 billion.
- ▶ Free shingles vaccination programme expanded to immunocompromised people and aged 65 and over.
- ▶ 33,000 additional hours of free counselling are being provided, aimed at men, young people and the LGBTQ+ community

Justice

- ▶ Up to 1,000 additional Gardai recruited, bringing the Garda workforce towards 15,000 members.
- ▶ 200 additional prison officers are being funded.
- ▶ Additional funding for prison capacity, incl programme to create more than 1,500 additional prison spaces.
- ▶ Additional support for domestic, sexual and gender-based violence services and initiatives.

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 2027 please get in touch.

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