

The logo consists of the letters 'R', 'B', and 'K' in a bold, bright green font. Each letter is separated from the others by a thin vertical white line. The background of the entire slide is a semi-transparent purple overlay over a photograph of three business professionals in a modern office setting, looking at a tablet together.

RBK

Budget 2026 Analysis

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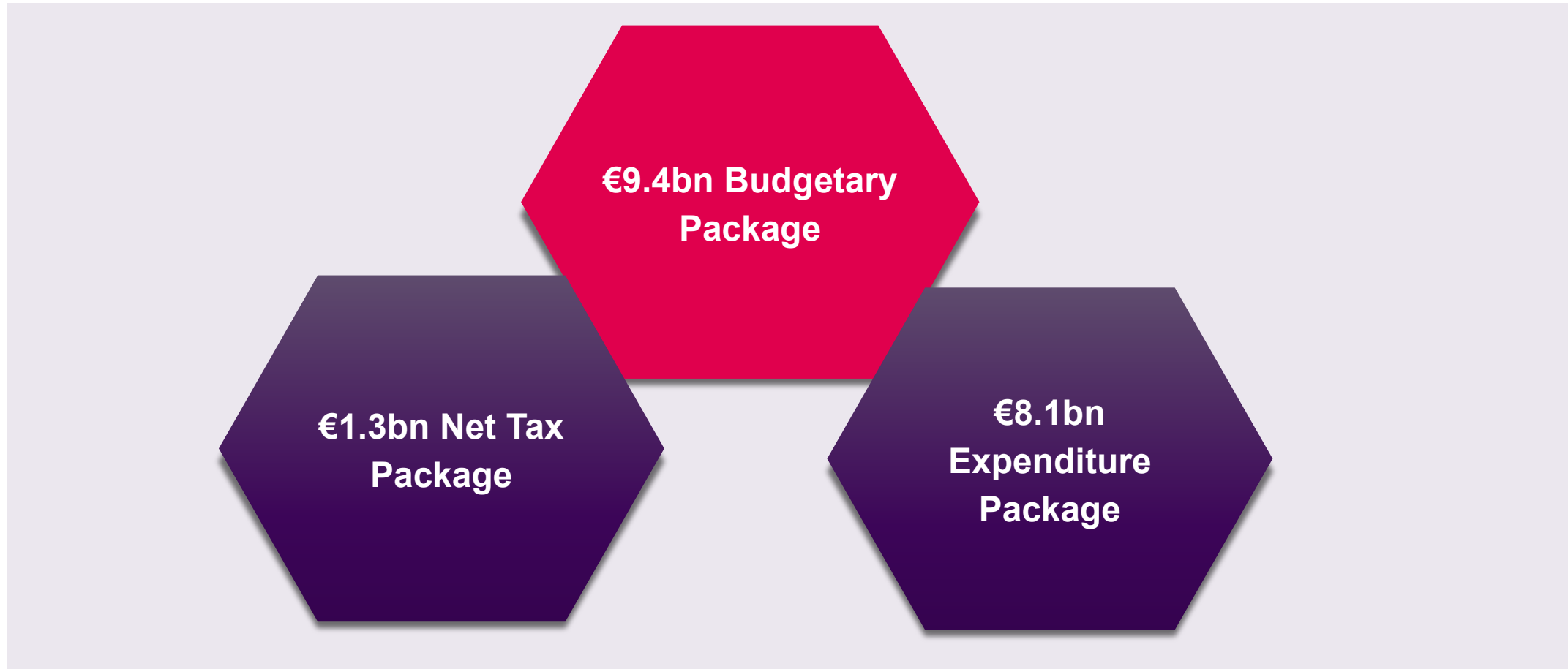
#RBKtax

Budget 2026 – Making Choices

“
A plan to strengthen the resilience we have shown in the past, underpinned by a sensible budget that will safeguard our future.”

Minister Paschal Donohoe

Budget 2026 – Summary of Budgetary Package at a Glance



Overview

-  Property & Housing
-  Household Supports
-  Supporting Business
-  Pensions & Savings
-  Climate & Other Measures
-  Farming





Property and Housing

Housing - VAT

- **Reduction in VAT rate on sale of completed apartments**
 - Rate change from 13.5% to 9% from 8th October 2025 to 31st December 2030
 - Questions -
 - What is the definition of an “apartment”?
 - Will there be a limit on price/floor areas?
 - What’s to compel vendor to pass on the 4.5% VAT rate reduction?

Enhanced Corporation Tax Deduction for Apartment Construction Costs

- Introduction of an enhanced Corporation Tax deduction for
 - Certain costs incurred on construction of apartment developments; AND
 - The conversion of non-residential buildings into apartments
- Enhanced 125% deduction for actual qualifying construction costs incurred, subject to a maximum additional deduction of €50,000 per apartment unit i.e. a maximum tax saving of €6,250 per apartment
- Available for projects comprising 10 or more apartments
- Available for both new-build developments and conversion projects, including change of use.
- Available where a Commencement Notice is submitted on or after 8 October 2025 and on or before 31 December 2030
- Deduction claimable upon completion, when Certificate of Compliance on Completion is signed

Residential Zoned Land Tax

- Introduced in Budget 2022 with effect 1 February 2025
- Designed to increase the stock of zoned and infrastructurally serviced land, ultimately to deliver housing across the country
- RZLT applies at a rate of 3% on the market value of the land
- Exemption opportunity in 2026 if seeking to have land rezoned to reflect the genuine economic activity being carried out
- Exemption will be considered by Local Authorities

Corporation Tax Exemption - Cost Rental Housing

- Cost Rental Scheme offers affordable long-term rented accommodation
- Rental profits from homes within the Cost Rental Scheme will be exempt from Corporation Tax
- Applies to developments designated as falling within the Cost Rental Scheme from on or after 8 October 2025
- Properties designated as Cost Rental accommodation are subject to strict criteria

Housing – Living City Initiative

- The initiative supports the enhancement of older housing and commercial stock in the designated Special Regeneration Areas (Cork, Dublin, Galway, Kilkenny, Limerick and Waterford)
- There are 3 types of relief available:
 - Owner occupier residential relief
 - Rented residential (landlord) relief
 - Commercial or retail relief
- Owner occupier residential relief – an individual who incurs qualifying expenditure (which must be at least €5,000) is entitled to tax relief by way of a deduction from their total income
- The rented residential and commercial elements of the scheme provide for the write-off of qualifying expenditure over a 7 year period by way of accelerated capital allowances

Living City Initiative

- **Significant changes to the scheme, including:**
 - Extended to 31 December 2030
 - Properties built before 1975 now may qualify (previously 1915)
 - Introduction of new category of tax relief for conversion of commercial property to residential properties – including “over the shop” premises
 - No building age restriction on these properties
 - Maximum amount of relief increased to €300,000 (previously €200,000) where works carried out by enterprises
 - Greater flexibility will be afforded in claiming the relief

Living City Initiative

- Five regional centres also to be added –
 - Athlone
 - Drogheda
 - Dundalk
 - Letterkenny
 - Sligo
- Qualifying regeneration areas in the regional centres above will be assigned in the near future

Housing – Derelict Property Tax

- The Derelict Sites Levy currently gives local authorities power to apply an annual 7% levy on derelict sites in urban areas.
- The new Derelict Property Tax (DPT) is intended to replace the Derelict Sites Levy.
- The DPT will be collected by the Revenue Commissioners.
 - Local authorities will begin identifying derelict properties in 2026.
 - A preliminary register of derelict properties will be published in 2027.
 - The new tax will come in to effect subsequent to the publishing of the register.
 - Rate of tax to be determined – not expected to be lower than 7%.

Housing – Residential Development Stamp Duty Refund Scheme

- This scheme provides for a partial repayment of the Stamp Duty paid on the acquisition of land and where the land is subsequently developed for residential purposes.
- The scheme was due to close to new commencements on 31 December 2025.
 - Now extended to 31 December 2030.
- Time limits from acquisition to commencement and from commencement to completion increased from 30 months to 36 months
- Full refund in respect of a multi phase development at commencement of first phase

Housing – Deduction for Retrofitting by Landlords

- This scheme provides a deduction for landlords:
 - against rental income for certain retrofitting expenses,
 - incurred on rented residential properties,
 - where the landlord has received an approved SEAI retrofitting grant.
- The scheme has been extended for a further three years to 31 December 2028.
- The number of properties for which landlords can claim the relief is being increased from two to three.



Household Supports

Income Tax Summary

**Standard Marginal
Tax Rates**



No Changes

**Standard Rate
Tax Band**



No Changes

USC



Increase in second band @ 2% by €1,318

Tax Credits

- **Rent Tax Credit Relief**

- Extended for further 3 years to end of 2028
- Tax relief on rent paid for property used as main residence
- Property used to facilitate attendance at work
- Property used by child to attend approved course
- Credit of €1,000 for a single individual or €2,000 for jointly assessed couple
- Subject to certain conditions

Tax Credits

- **Mortgage Interest Tax Relief**

- Applies to homeowners with an outstanding balance between €80,000 and €250,000 at 31 December 2022
- Credit extended on a tapered basis
 - 2025 max credit per property €1,250
 - 2026 max credit per property €625

Income Tax Measures – USC / PRSI

- **New USC Rates**

2025	2026
€12,012 @ 0.5%	€12,012 @ 0.5%
€15,370 @ 2%	€16,688 @ 2%
€42,662 @ 3%	€41,344 @ 3%
Balance @ 8%	Balance @ 8%

- No change to 3% surcharge for self employed
- No change to reduced rate for medical card holders or those > 70 years for further 2 years to end of 2027

PRSI

- Increase from 1 October 2025 of 0.10%
- Further increase in October 2026 (0.15%), 2027 (0.15%) and 2028 (0.2%)

Income Tax Exemptions

- Manufacture, maintenance or repair uilleann pipes, early Irish Harps or Irish Level Harps can avail of an exemption on the first €20,000 of profits from Income Tax (not USC or PRSI)
- This exemption was due to end at the end of 2025 but has been extended by 3 years to 31 December 2028
- Microgeneration of electricity - €400 income disregard extended to 31 December 2028

VAT on Utilities

- **Continuation of 9% rate on gas and electricity to 31 Dec 2030**
 - Per financial resolution to be introduced 7th October
 - Continuation of measures already in place and due to expire on 1st November
 - Measures to continue to 2030
 - No “cost of living” assistance, e.g. €100 (VAT inclusive) credit previously provided

Key Personal Non-Tax Measures

- €10 per week increase for those receiving Social Protection
- Increase Carer's Allowance income disregard to €1,000 for single person and €2,000 for a couple
- Increase in Domiciliary Care Allowance by €20 per month to €380 per month
- Weekly increase in Child Support payments by €12 for children under 12 and €16 for children over 12
- Increase in working family payment income threshold by €60 per week for all families
- Extending back-to-school clothing allowance to two and three year olds
- Reduction of €500 in student contribution
- Increase fuel allowance by €5 and extending eligibility to all households in receipt of Working Family Payment



Supporting Businesses

Enterprise Tax Measures

Reduced VAT rate for hospitality sector and hairdressers

- The 9% VAT rate will apply for businesses in the food/catering and hairdressing sector for charges for those services.
- The current VAT rate is 13.5%.
- The reduced rate will take effect from 1 July 2026.
- The reduced rate is confined to those specific activities rather than other activities of the business.

Enterprise Tax Measures

R&D Tax Credit

- Increases the rate of credit from 30% to 35%
- 100% of R&D employees emoluments qualify where at least 95% of time spent on R&D
- Cash flow benefit
 - First €87,500 (was €75,000) now payable in first year
- Further targeted changes to be considered over coming weeks regarding:
 - Outsourcing
 - Qualifying expenditure definitions.

Enterprise Tax Measures

Territoriality / Participation Exemption

- Budget 2025 introduced Participation Exemption for foreign sourced dividends with effect from 1 January 2025
 - Alternative, simplified mechanism for double tax relief
- Budget 2026
 - Extends geographic scope to jurisdictions that apply a non-refundable dividend withholding tax
 - Reducing the period subsidiary must be resident in the qualifying jurisdiction from 5 years to 3 years, the period

Further details in Finance Bill

Enterprise Tax Measures

Ireland's Interest Regime

- Current rules complex and not aligned with international best practice
- Action plan for reform published following consultation
- Phased approach
- Feedback statement/further consultation in November

Enterprise Tax Measures

Tax Film Credit

- **Proposed:**

- New 40% Film Tax Credit for productions with
 - Minimum of €1m spend on relevant visual effects work and
 - Maximum of €10m per production
- Subject to State Aid approval

Enterprise Tax Measures

Digital Games Sector

- **Originally introduced in Budget 2022**
 - Refund for expenditure on design, production and testing of a game
 - Refundable Corporation Tax credit
 - Available at 32% rate
 - On eligible spend up to €25m per project
 - Minimum spend €100k
- **Budget 2026**
 - Extended for 6 years to 31 December 2031
 - Extended to post release content work where original game qualified
 - Further detail in Finance Bill
 - Subject to State Aid approval

Revised Entrepreneur Relief

- Increased lifetime limit to €1.5 million (from €1 million)
- Effective for disposals made from 1 January 2026
- 10% CGT rate on first €1.5 million qualifying gains
- Supports entrepreneurs looking to grow their business and take on new challenges

Key Employment Engagement Programme (KEEP)

- CGT not Income Tax payable on exercise of KEEP share options – detailed eligibility criteria
- Extended to 31 December 2028 (subject to European Commission approval)

Special Assignee Relief Programme (SARP)

- Relief for assignees coming to work in Ireland
- Extended to 31 December 2030
- Increased income limits (new entrants) to €125,000 (from €100,000)
- 30% of employment income in excess of €125,000 (up to €1,000,000) not taxable
- Simplification of administrative requirements; further details of which will be set out in the Finance Bill

Foreign Earnings Deduction (FED)

- Extended to 31 December 2030
- Relief for employment income where:
 - 30 qualifying days and
 - Over continuous 12 month period
 - In a relevant State
- Extended to include the Philippines and Turkey
- Maximum relief
 - Increased to €50,000 earnings, i.e. max €20,000 tax benefit
- Amendments will be made to administrative requirements – further details of which will be set out in the Finance Bill

VAT Modernisation

- **Domestic electronic invoicing arrangements**
 - Phased introduction in B2B context
 - Details to be published by the Revenue Commissioners on 8th October
 - Anti-VAT loss action and consistent with EU rule changes



Pensions & Savings

Auto Enrolment Retirement Savings Scheme

Amendments to tax treatment:

- Death Benefit:
 - Currently would be subject to income tax before being transferred to estate.
 - Changes to allow similar treatment to pensions.
- Investment Undertaking Tax – To ensure the funds can grow tax free.
- USC – To allow for exemption on EMPLOYER contributions.



Pension - Standard Fund Threshold (SFT)

Not Mentioned in Budget speech

- Minister announced changes last year.
- The SFT is due to increase by €200k a year from 2026 until 2029.
- From 2030 the SFT will be linked to increases in the average industrial wage.

Year	Increase	Revised SFT
2025	No Increase	€2,000,000
2026	€200,000	€2,200,000
2027	€200,000	€2,400,000
2028	€200,000	€2,600,000
2029	€200,000	€2,800,000
2030	To increase in line with average industrial wage	

Tax on Investments

- Funds, including UCIT's, EFT's and Life Insurance based investments taxed under the Exit Tax regime on income and gains, making them very unattractive for investors to access.
- To encourage investment, rate applying to Irish and equivalent off-shore funds and foreign life assurance policies reduced from 41% to 38%.
- Does not include rates applying to companies, personal portfolio investment undertakings and personal portfolio life assurance policies.

Financial Services

- Funds Sector 2030 Report (published 22 October 2024)
 - Implementation Plan for report published today
 - Roadmap early next year for approach to simplify and adopt The Tax Framework to encourage retail investment
 - Public consultation on proposals to simplify the IREF regime (without limiting effectiveness)
- Stamp Duty Relief on share transfers for Irish SME's and start-ups trading on regulated markets
- Extension of Bank levy for 1 year



Climate and Other Measures

Adoption of Electric Vehicles

- €5,000 VRT relief extended by 1 year, to 31 December 2026
- New vehicle category – A1
 - Reduced rates of BIK for EV's (zero emission cars only)
 - 6% to 15% (depending on business mileage)

Accelerated Capital Allowances

- Extension of accelerated Capital Allowances Scheme for 5 years to 31 December 2030
 - Energy efficient equipment
 - Gas vehicles
 - Refuelling equipment

Climate and Environmental Issues

Carbon / Excise Tax

- Carbon tax increase €7.50 to €71 per tonne
- Revenue raised will fund:
 - Prevent fuel poverty (social welfare)
 - Warmer Homes Scheme – retrofit low income households
 - Encourage and support farmers in the green transition
- Fuel excise increases
 - With effect from 1 May 2026

Tobacco and Alcohol

- Increase in excise duty by €0.50 on pack of 20 (Now €18.55)



Farming

Farming

Accelerated Capital Allowances – Slurry Storage Facilities

- Extended to 31 December 2029
- Allows for capital allowances of 50% per annum

Reduction in flat rate addition from 5.1% to 4.5%

Farming

- Minister for Agriculture, Food and Marine published Report of the Commission of Generational Renewal in farming
- Number of recommendations made

Extension of Agricultural Tax Reliefs to 2029

- Farm Consolidation (Stamp Duty) Relief
- Farm Restructuring (CGT) Relief
- Young Trained Farmer (Stamp Duty) Relief

Farm Restructuring Relief

- Extended to include woodlands and forestry



What's Next?

What's Next?

Further Reviews

- Interest deductibility rules
- R&D tax credit
- Review of taxation of funds sector

“ We have to strike the right balance between increasing investment and moderating the growth in day to day spending. This is why our tax changes must be of a certain value and no more. Now is the time to steady ourselves on the path to the future. ”



Thank you



We're by your side

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