



Budget 2027 Analysis

**Presented by:
Mike Scanlan, Tax Director, RBK**

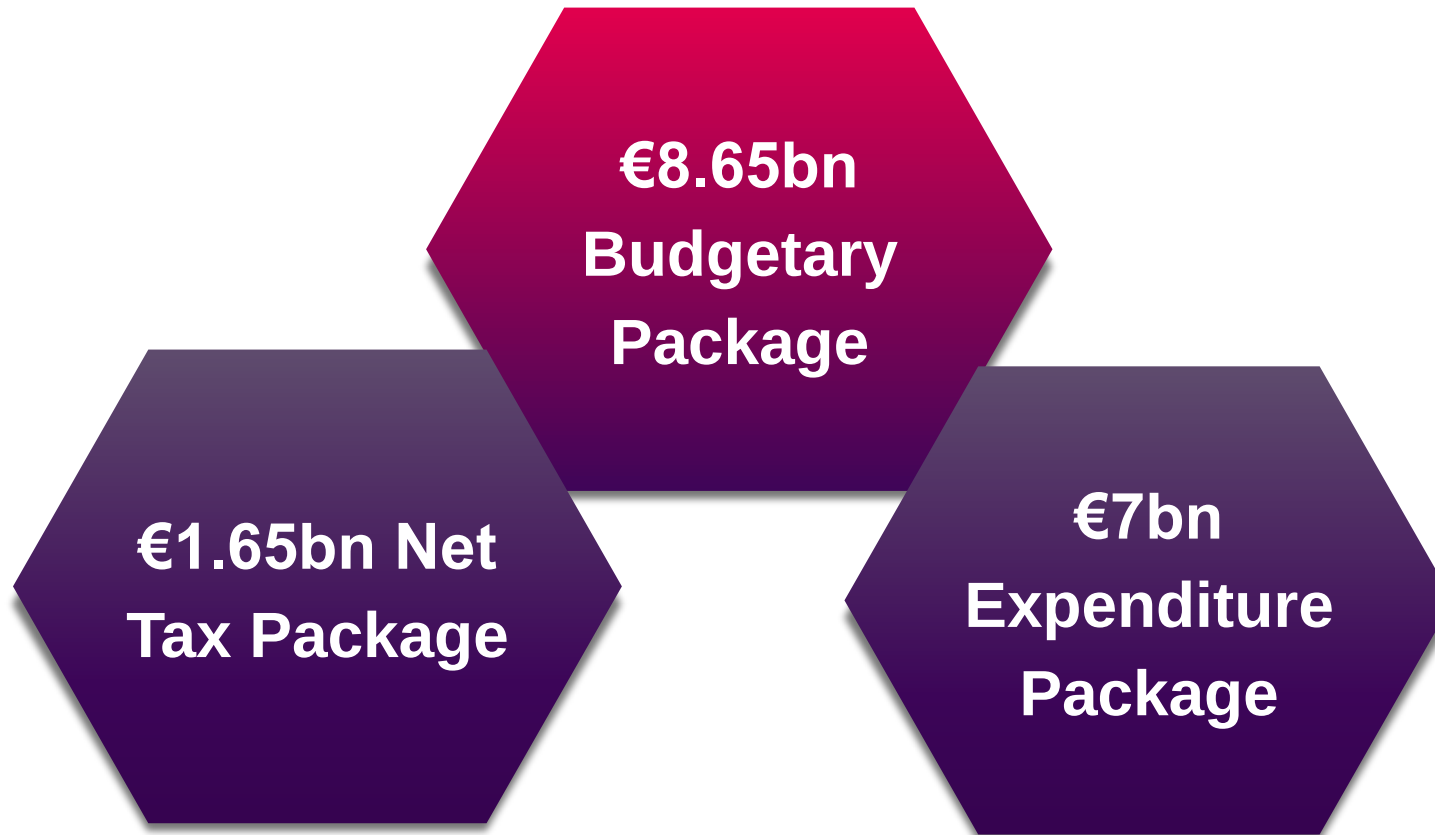
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Budget 2027 – A Way Forward

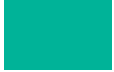
“
*A path that brings us to a place in which work is rewarded,
risk is repaid and investments in our future bear fruit for
decades to come.*”

Minister Simon Harris

Budget 2027 – Summary of Budgetary Package at a Glance



Overview

-  Household Supports
-  Supporting Businesses
-  Property & Housing
-  Capital Taxes & Investments
-  Climate & Other Measures
-  What's Next?





Household Supports

Income Tax Summary

**Standard Marginal
Tax Rates**



No Changes

**Standard Rate
Tax Band**



Increase of €2,500 to €46,500

Tax Credits



**Increase of €125 to Personal, PAYE &
Earned Income Credit to €2,125
Increase of €100 to Home Carers Credit to
€2,050**

USC



Increase in second band @ 2% by €1,600

Tax Credits

Rent Tax Credit Relief

- Tax relief on rent paid for property used as main residence, to facilitate attendance at work or used by child to attend approved college course
- Increase in credit by €150 to €1,150
- Subject to certain conditions

Tuition Fees

- Relief on fees paid on eligible third level tuition fees
- First €2,850 for a Full Time Course or €1,350 for a part time course is disregarded

Income Tax Measures – USC / PRSI

- **New USC Rates**

2026	2027
€12,012 @ 0.5%	€12,012 @ 0.5%
€16,688 @ 2%	€18,288 @ 2%
€41,344 @ 3%	€40,144 @ 3%
Balance @ 8%	Balance @ 8%

- No change to 3% surcharge for self employed of income > €100k
- No change to reduced rate for medical card holders or those > 70 years

PRSI

- Increase from 1 October 2026 of 0.15%
- Further increase in October 2027 (0.15%) and 2028 (0.2%)
- Employers PRSI threshold to increase to €600 per week

Income Tax Exemptions & Reliefs

Rent a Room Relief

- Income Threshold has been increased by €2,000 to €16,000 effective 1 January 2027
- Extended to include “Designated Auxiliary Dwellings” installed after 27 July 2026

Microgeneration of Electricity

- Increase in exemption from €400 to €600
- In respect of profits arising on the generation of energy that is supplied to the grid by individuals

Childcare in Own Home

- Income Threshold has been increased by €5,000 to €20,000 effective 1 January 2027
- Limit on the Number of Children who may be cared for removed
- HSE registration and other requirements

Social Welfare Changes

- Minimum wage rises to €14.94 per hr
 - Increase of €0.79
- Childcare fees capped at €550 per month (effective Sept 2027)
- All welfare payments increase €10
- Fuel allowances increase €5 per week
- Child support payments increase €6 per week
- No change to child allowance



Supporting Businesses

Preliminary Corporation Tax (“PT”) Amendments

- Small company threshold increased to €350,000 (currently €200,000)
- Large company PT satisfied where
 - 80% of the current year liability paid by PT2 date, and
 - Top up payment made within 4 months of end of accounting period
- Large companies – relaxation of underpayment provisions and interest charges

R&D Tax Credit

Enhancements to Regime:

- **Subcontracting limits:** increased to higher of 20% of qualifying spend or €200,000
- **First-year payment threshold:** increased from €87,500 to €105,000
- **Improved Recognition** of R&D tax credit when calculating Preliminary tax
- **Increase** qualifying cost base by 5% of qualifying R&D wage costs
- **Science Test** will be satisfied where clinical trial is regulated

Corporation Tax Provisions

- **Corporation tax relief – start up companies**
 - Relief from Corporation Tax liability less than €40,000
 - Marginal relief where liability between €40,000 and €60,000
 - Amount of relief linked to Employee PRSI, max of €5,000 per EE/director (Class A) or €1,000 for Class S
 - Extended for 4 years
- **Knowledge Development Box**
 - Tax Incentive providing 10% effective rate of CT on profits from qualifying Intellectual Property (“IP”)
 - Relief extended to 1 January 2032
 - Opt-out option for companies currently availing of KDB

Business Investment Incentives

- Relief for Investment in Corporation Trades provides income tax relief for capital investments in qualifying small and medium enterprises
- Intended to extend the below reliefs, subject to the new General Block Exemption Regulations coming into force 1 January 2027 –
 - Employment Investment Incentive ('EII')
 - Start Up Capital Incentive ('SCI')
 - Start Up Relief for Entrepreneurs ('SURE')

VAT Compensation Scheme for Charities

VAT Compensation Scheme for Charities

- Aims to reduce the VAT burden on charities through a partial compensation for VAT paid
- Charities are entitled to claim a refund of a proportion of their VAT costs based on their level of non-public funding
- Claims are paid on a pro-rata basis where the total amount of eligible claims exceeds the capped amounts

Increase in total annual capped fund from €10 million to €15 million

Enhanced Reporting Requirements

- Introduced in 2024
- Reporting to Revenue of Tax Free Payments to Employees
 - E.g. Benefits, Expenses, Vouchers, etc.
- **Budget 2027:** Introduced options to ease burden and increase flexibility
 - **Option A:** Real-time reporting (as now); or
 - **Option B:** Report by the 14th of the month following month the benefit is provided
- **Effective date:** 1 January 2027

E-Withholding Tax (eWHT)

- Modernisation of the Professional Services Withholding Tax (“PSWT”)
- Introduction of Personalised Deduction Rates (“PDRs”), replacing the deduction of 20% of the gross payment
- Subject to a commencement order

Pillar Two

- 15% effective Corporation Tax rate for companies whose group consolidated T/O exceeds €750m
- Amendments for safe harbour provisions
- Updates in relation to penalty and filing provisions
- Further details announced in Finance Bill

Farming

Accelerated Capital Allowances – Farm Safety Equipment

- Extended to 31 December 2029
- Allows for capital allowances of 50% per annum
- 12 additional items also being added to the list of eligible equipment

Increase in Farmers Flat Rate Addition from 4.5% to 4.8%

Reduction in VAT rate on respiratory vaccines for livestock from 23% to 9%

Succession Farm Partnerships Tax Credit

- Increase in tax credit from €5,000 to €10,000 – available for Farm Succession
- Removal of 3-year holding period or applications made from 1 January 2027 onwards



Property and Housing

Help to Buy Scheme

- Incentive introduced for First Time Property Purchasers to assist with the deposit required to purchase or self-build a new house.
- Relief available has been increased to the lesser of –
 - €35,000 (increase of €5,000), or,
 - 10% of the purchase price of the new property, or
 - The amount of the Income Tax and DIRT paid in the four years before the application

Residential Zoned Land Tax

- Introduced in Budget 2022 with effect 1 February 2025
- RZLT applies at a rate of 3% on the market value of the residential zoned land
- Further exemption opportunity in 2027 if seeking to have land rezoned to reflect the genuine economic activity being carried out
- Exemption will be considered by Local Authorities

Housing – Derelict Property Tax

- Introduced in Budget 2026
- Applies to residential and non-residential properties
- Derelict = not in use and not suitable for use e.g.
 - Boarded up,
 - Roof no longer weatherproof,
 - Failing plasterwork / unsecure brickwork
- Annual 7% tax on the self-assessed value of the property
- **Year 1:** Towns and cities with populations of 4,000+, based on Census 2022
- **Year 2:** Expands to towns with populations of 2,000+

Jan–Aug 2027	Local Authorities identify derelict properties
01 Sep 2027	Preliminary register published
30 Nov 2027	Deadline to request a review
01 Mar 2028	Final register published
23 Jun 2028	First DPT pay & file deadline

Housing – Derelict Property Tax

- **Avoiding DPT Liability:**
 - Remediate the property,
 - Demolish and clear the derelict structure, or
 - Sell the property to an owner who will address the dereliction

- Abatement may be available where remediation is completed within a reasonable timeframe



Capital Taxes and Investments

Capital Taxes

Capital Gains Tax ('CGT')

- Standard rate of CGT reduced from 33% to 31%
- Applies to disposals made on or after 7 October 2026
- Disposal of development land remains subject to 33%
- No changes to retirement relief or CGT entrepreneur relief
- Extension to Angel Investor Relief

Capital Taxes

Capital Acquisitions Tax ('CAT') Thresholds

- Standard rate of CAT remains at 33% in respect of gifts and inheritances
- Tax free thresholds dependant on relationship between disponent and beneficiary
- Budget 2027 included the following increases to each, effective 7 October 2026:

Group	Threshold Effective 7 October 2026	
Group A	€420,000	<i>Increase of €20,000</i>
Group B	€44,000	<i>Increase of €4,000</i>
Group C	€22,000	<i>Increase of €2,000</i>

Personal Investment Account

- Scheduled to launch on 1 July 2027, subject to legislation
- Irish tax residents aged 18 or over with a PPSN will be eligible to open one account
- Contributions capped at €12,000 annually
 - No minimum contribution or lock-in period
- Annual tax of 1% applying to the average daily account value exceeding €50,000
 - Even in years when investments lose value
- Outside existing CGT, exit tax, dividend withholding tax and eight-year deemed disposal regimes
- Eligible investments will include shares, bonds, funds and insurance-based investment products
 - Providers handling all account tax reporting and payments

Tax on Investments

- Further reduction in the Tax Rate applicable to Funds, including UCIT's, ETF's and Life Insurance based investments taxed under the Exit Tax regime on income and gains
- Rate applying reduced from 38% to 35%

Government Bonds

- The European Commission is challenging Ireland's unequal CGT treatment of government bonds
- The gain on certain Irish Government bonds when bought below parity are CGT-exempt
- While comparable EU/EEA bonds generally attract CGT
- The European Commission believes this may restrict the free movement of capital
- The proceedings are at an early stage and do not themselves change Irish tax rules



Climate and Other Measures

Adoption of Electric Vehicles

- VRT relief for electric vehicles extended by 2 years, to 31 December 2028
- VRT increase of 1% on Vehicles in Bands 3 to 20 (inclusive)
 - Applies to vehicles with CO2 emissions greater than 80g/km
 - Applicable from 01 January 2027
 - VRT on Bands 1 & 2 – unchanged

Climate and Environmental Issues

Carbon Tax

- Kerosene / Natural Gas – reduced to €48.50 per tonne until 2030
- Reduced fuel excise extended until the end of February 2027

Excise Measures

Tobacco

- Increase in excise duty by €1 on pack of 20
- Increase in excise duty on e-liquids by 20c per ml

Pool Betting

- Introduction of charge on pool betting
- Excise Duty @ 25% on commissions earned
- With effect from 01 January 2027
- Exemption – On course pool bets



What's Next?

What's Next?

Further Reviews

- Targeted amendments in Finance Bill to simplify interest deductibility provisions on borrowings for lending and investment activities
- Further review of taxation of investments
- Review of the taxation of Fishing & Aquaculture businesses
- Ireland Strategic Investment Fund (ISIF) – €1 billion investment programme

Conclusion

“ You don’t build resilience by being reckless. You do it by setting out a path that is ambitious, but achievable. ”



Thank you



We're by your side

Mike Scanlan

Tax Director

T: +353 9064 80600

E: mscanlan@rbk.ie

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