McGRATH & COMPANY
Chartered Accountants & Tax Advisors
No. 3 Courtfields Commercial Centre, Raheen, Limerick, V94 407Y
info@mcgrathaccountants.com 061-226270
Visit our website: www.mcgrathaccountants.com

BUDGET 26



BUDGET 2026 SUMMARY

These are the key tax measures in the Budget Statement by the Minister for Finance on 07 October 2025.

Personal Taxes and Charges

Tax Rates and Tax Bands

There are no changes to tax rates and tax bands for 2026.

Personal Circumstances	2026 €	2025 €
Single or widowed or surviving civil partner, without qualifying child	44,000 @ 20% Balance @ 40%	44,000 @ 20% Balance @ 40%
Single or widowed or surviving civil partner, qualifying for single person child carer credit	48,000 @ 20% Balance @ 40%	48,000 @ 20% Balance @ 40%
Married or in a civil partnership, one spouse or civil partner with income	53,000 @ 20% Balance @ 40%	53,000 @ 20% Balance @ 40%
Married or in a civil partnership, both spouses or civil partners with income	53,000 @ 20% with increase of 35,000 max. Balance @ 40%	53,000 @ 20% with increase of 35,000 max. Balance @ 40%

Tax Credits

There are no changes to tax credits for 2026.

Tax Credit	2026 €	2025 €
Single person	2,000	2,000
Married or in a civil partnership	4,000	4,000
Employee Tax Credit	2,000	2,000
Earned Income Tax Credit	2,000	2,000
Widowed person or surviving civil partner (without qualifying child)	2,540	2,540
Single person Child Carer Tax Credit	1,900	1,900
Incapacitated Child Credit	3,800	3,800
Widowed Parent		
Bereaved in 2025	3,600	-
Bereaved in 2024	3,150	3,600
Bereaved in 2023	2,700	3,150
Bereaved in 2022	2,250	2,700
Bereaved in 2021	1,800	2,250
Blind Tax Credit	1,950	1,950
Single person		
Married or in a civil partnership:		
• one spouse or civil partner blind	1,950	1,950
• both spouses or civil partners blind	3,900	3,900
Age Tax Credit		
• Single or widowed or surviving civil partner	245	245
• Married or in a civil partnership	490	490
Dependent Relative	305	305
Home Carer Tax Credit	1,950	1950

Universal Social Charge (USC)

Standard Rates of USC

Changes are in **bold**.

2026 €	Rate	2025 €	Rate
Income up to 12,012.00	0.5%	Income up to 12,012.00	0.5%
Income from 12,012.01 to **28,700.00**	2%	Income from 12,012.01 to 27,382.00	2%
Income from **28,700.01** to 70,044.00	3%	Income from 27,382.01 to 70,044.00	3%
Income above 70,044.00	8%	Income above 70,044.00	8%

Reduced Rates of USC

The reduced rate of USC of 2% applies for individuals aged 70 years or over whose aggregate income for the year is €60,000 or less.

The reduced rate of USC will also apply for 2026 and 2027 for full medical card holders under 70 years whose aggregate income for the year is €60,000 or less.

2026 €	Rate	2025 €	Rate
Income up to €12,012.00	0.5%	Income up to €12,012.00	0.5%
Income from 12,012.01 to **28,700.00**	2%	Income from 12,012.01 to 27,382.00	2%

- Note 1: 'Aggregate' income for USC purposes does not include payments from the Department of Social Protection.
- Note 2: A 'GP only' card is not considered a full medical card for USC purposes.

Exemption Limits

There are no changes to the Income Tax exemption limits for persons aged 65 and over.

Rent Tax Credit

This credit is being extended to 2026, 2027 and 2028. All conditions pertaining to the credit and the value of the credit remain the same.

Mortgage Interest Relief

The current level of relief is being maintained for 2025 and extended to 2026. For 2025, the relief will be calculated on the increase in interest paid in 2025 over interest paid in 2022.

For 2026, the relief will be calculated at 50% of the increase in interest paid in 2026 over interest paid in 2022.

Relief for both years will apply at the standard rate of income tax (20%) and all conditions pertaining to the relief and the value of the credit remain the same.



Exemption of certain profits of micro-generation of electricity
The scheme is being extended for a further three years to 31 December 2028.

Exemption of certain profits arising from production, maintenance and repair of certain musical instruments
The scheme is being extended for a further three years to 31 December 2028.

Benefit in Kind (BIK) on Employer-Provided Vehicles
The following will apply for BIK on employer-provided vehicles:

- From 1 January 2026 there will be a new vehicle category (A1) for zero emission cars. BIK on category A1 cars will be calculated at between 6% and 15% of the cars original market value (OMV), subject to business mileage.
- The temporary reduction to the OMV, to reduce the amount of BIK payable for all cars in Category A1, A, B, C and D (not E) and all vans, is being extended to 2026, 2027 and 2028, on a tapered basis as follows:
    - €10,000 for 2026
    - €5,000 for 2027
      and
    - €2,500 for 2028.

The lower mileage limit in the highest mileage band which applies to employer-provided cars will remain at 48,001 permanently.

Key Employee Engagement Programme (KEEP)
KEEP is being extended to 31 December 2028 subject to a commencement order, pending EU State Aid approval. All conditions of the scheme remain the same.

Special Assignee Relief Programme (SARP)
This relief has been extended for five more years until 31 December 2030. The minimum income threshold for new entrants is being increased from €100,000 to €125,000 per annum. The annual end of year employer return filing deadline is being extended from 23 February to 30 June following the end of the tax year.

Foreign Earnings Deduction (FED)
The relief has been extended for five more years until 31 December 2030 and the amount of employment income on which it may be claimed has been increased to €50,000.

Property

Residential Zoned Land Tax (RZLT)
Landowners subject to RZLT in 2026 will have another opportunity to request a change from their Local Authority in the zoning of their land. As a result of making such a request, landowners may qualify for an exemption from the 2026 RZLT liability.

Stamp Duty

Bank Levy
The Bank Levy is being extended for a further year to 2026. It will be calculated as a percentage of eligible deposits held by the banks on 31 December 2024.

Residential Development Refund Scheme
The Scheme is extended for an additional 5 years until 31 December 2030.

A number of changes are being made to the Refund Scheme, which include:

- Extending the two time-limits that apply to the scheme (acquisition to commencement, and commencement to completion) from 30 months to 36 months for large-scale residential developments
  and
- Allowing for a full refund of stamp duty to be claimed in respect of a multi-phase development once the first phase commences.

Market Capitalisation Exemption
An exemption from Stamp Duty on a conveyance or transfer of stocks or marketable securities (e.g. shares) is to be introduced.

The exemption will apply if:

- the stocks or marketable securities are admitted to trading on a regulated market or multilateral trading facility (or equivalent market outside the EU)
  and
- the market capitalisation of the company that issued the stocks or marketable securities is less than €1 billion.

Capital Gains Tax (CGT)

Revised Entrepreneur Relief
The lifetime limit which applies to this relief is being increased from €1 million to €1.5 million. This is in respect of chargeable gains arising on the disposal of chargeable business assets by a relevant individual on or after 1 January 2026.

Corporation Tax (CT)

Film Relief
An enhanced rate will be introduced to the film tax credit for productions with a minimum eligible expenditure of €1 million on eligible relevant Visual Effects (VFX) work.

For qualifying projects, the credit will be calculated at 40% up to a maximum eligible expenditure of €10 million. The new measure will be subject to State Aid approval.

Digital Games Relief
The relief will be extended for a period of six years to 31 December 2031. The credit will also be enhanced to allow for claims in respect of post-release content work, subject to certain conditions.

Both amendments are subject to State Aid approval.

Research & Development (R&D) Tax Credit
There are a number of amendments to the R&D Corporation Tax Credit including:

- an increase in the rate from 30% to 35%
  and
- an increase from €75,000 to €87,500 in the amount payable in Year One.



Enhanced Deduction for Eligible Construction Expenditure
An enhanced corporation tax deduction is being introduced for certain costs incurred:

- on the construction of apartment developments
  and
- for the conversion of non-residential buildings into apartments.

Further details will be set out in the Finance Bill.

Balancing Allowances for Intangible Assets
Companies may claim capital allowances for costs incurred on specified intangible assets acquired for the purposes of a trade.

Such allowances are subject to ring-fencing provisions. In addition, the deduction allowed in any accounting period is capped at a maximum of 80% of the relevant trading income in that period.

Amendments are being made to provide that balancing allowances on specified intangible assets, which arise on balancing events such as the disposal or transfer of the specified intangible asset, are also subject to the ring-fencing and 80% cap provisions.

This will apply in respect of balancing events which occur on or after 8 October 2025.

Accelerated Capital Allowances for Gas Vehicles and Refuelling Equipment
This Accelerated Capital Allowances Scheme is being extended by five years until 31 December 2030.

Accelerated Capital Allowances for Energy Efficient Equipment
This Accelerated Capital Allowances Scheme is being extended by five years until 31 December 2030.

Participation Exemption
The participation exemption is a corporation tax exemption for certain foreign dividend income.

A number of enhancements are being made, including an extension of the geographic scope. Further details will be set out in the Finance Bill.

Farming

Accelerated capital allowances for Expenditure on Slurry Storage
The scheme of accelerated capital allowances for slurry storage is being extended until 31 December 2029.

Young Trained Farmer (YTF) Relief
This relief, which was due to expire at the end of 2025, is being extended to 31 December 2029, subject to being commenced by the Minister for Finance.

Farm Consolidation Relief
This relief, which was due to expire at the end of this year, is being extended to 31 December 2029. In addition, it is being extended to non-commercial woodland. These changes are subject to commencement by the Minister for Finance.

Farm Restructuring Relief
This relief, which is due to expire at the end of this year, is being extended to 31 December 2029. In addition, it is being extended to land used as commercial woodland, as well as non-commercial woodland which is used for conservation purposes.

The extension of the duration of the relief, as well as the extension of the scope of the relief to include commercial and non-commercial woodland, are both subject to commencement by the Minister for Finance.

Flat-Rate Addition for Farmers
The flat-rate addition for farmers will be reduced from 5.1% to 4.5%, with effect from 1 January 2026.

Value Added Tax (VAT)

Gas and Electricity Supplies
The application of the second reduced VAT rate of 9% to gas and electricity supplies is extended until 31 December 2030.

Supplies of Certain Apartments
With effect from 8 October 2025, the second reduced VAT rate of 9% will apply to the supply of certain apartments as part of social policy until 31 December 2030.

Hospitality Sector
With effect from 1 July 2026 the second reduced VAT rate of 9% will apply to hairdressing services and to food and drink (excluding alcohol, bottled waters, soft drinks, sports drinks and vegetable juices) when supplied as part of a restaurant, catering or a hot takeaway service.

Excise

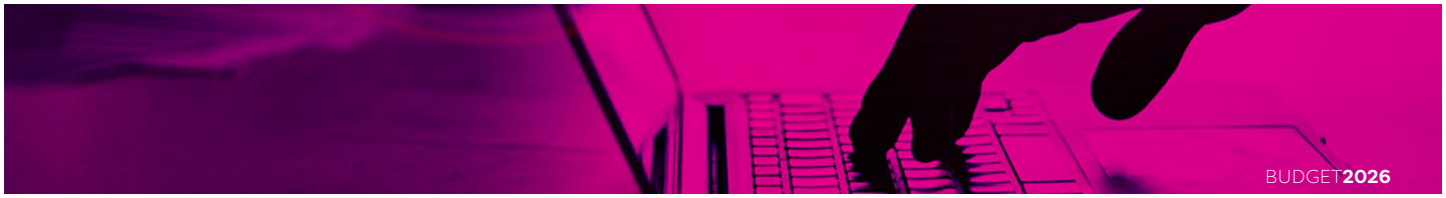
Tobacco Products Tax (TPT)
TPT rates are increased with effect from 8 October 2025. The increase amounts to **€0.50 cents**, inclusive of VAT, on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

Mineral Oil Tax (MOT)
Carbon tax rates will increase as the amount charged per tonne of carbon dioxide emissions rises to €71.00. This will impact on certain rates from 8 October 2025 resulting in MOT rates of:

- €706.14 per 1,000 litres on petrol and aviation gasoline
  and
- €615.76 per 1,000 litres on auto-diesel and heavy oil used for air and private pleasure navigation.

Carbon tax increases will impact on other MOT rates on 1 May 2026.

Natural Gas Carbon Tax (NGCT)
Carbon tax rates will increase as the amount charged per tonne of carbon dioxide emissions rises to €71.00. This will impact on NGCT from 1 May 2026 resulting in a rate of €12.84 per megawatt hour.



Solid Fuel Carbon Tax (SFCT)
SFCT rates will increase from 1 May 2026 to:

- €187.00 per tonne on coal
- €130.18 per tonne on peat briquettes
- €64.52 per tonne on milled peat
  and
- €96.76 per tonne on other peat.

Vehicle Registration Tax (VRT)

Relief for Electric Vehicles (EVs)
Remission or repayment in respect of VRT for electric vehicles (EVs), including electric motorcycles, is extended until 31 December 2026.

Other Thresholds, Reliefs and Allowances

Life assurance policies and investment funds
With effect from 1 January 2026, the rate of tax for individuals is to be reduced from 41% to 38% on income and gains from:

- domestic life assurance policies
- certain foreign life assurance policies
- Irish domiciled investment funds
  and
- equivalent offshore investment funds in other EU Member States, EEA States and OECD countries with which Ireland has double taxation agreements.

Living City Initiative
A number of amendments are made to the property incentive scheme known as the Living City Initiative. These include:

- The initiative is being extended to 31 December 2030.
- An increase in the building age date of qualifying properties for owner occupier and rented residential relief, from those built before 1915 to those built before 1975.
- A new category is included within the scheme for the conversion of commercial properties into residential properties, including conversion of "over the shop" premises for residential purposes. There are no building age restrictions on these properties.
- The scheme is being extended to Athlone, Drogheda, Dundalk, Letterkenny and Sligo.
  and
- The cap of €200,000 tax relief per project is removed in respect of commercial and rented residential premises.

The Living City Initiative is within the European Commission De Minimis Regulation which allows a single undertaking to receive State Aid of up a maximum €300,000 over 3 years.

Legal Disclaimer
This summary is intended to describe the subject in general terms. As such, it does not attempt to cover every issue which may arise in relation to the subject. It does not purport to be a legal interpretation of the statutory provisions and, consequently, responsibility cannot be accepted for any liability incurred or loss suffered as a result of relying on any matter published herein.

