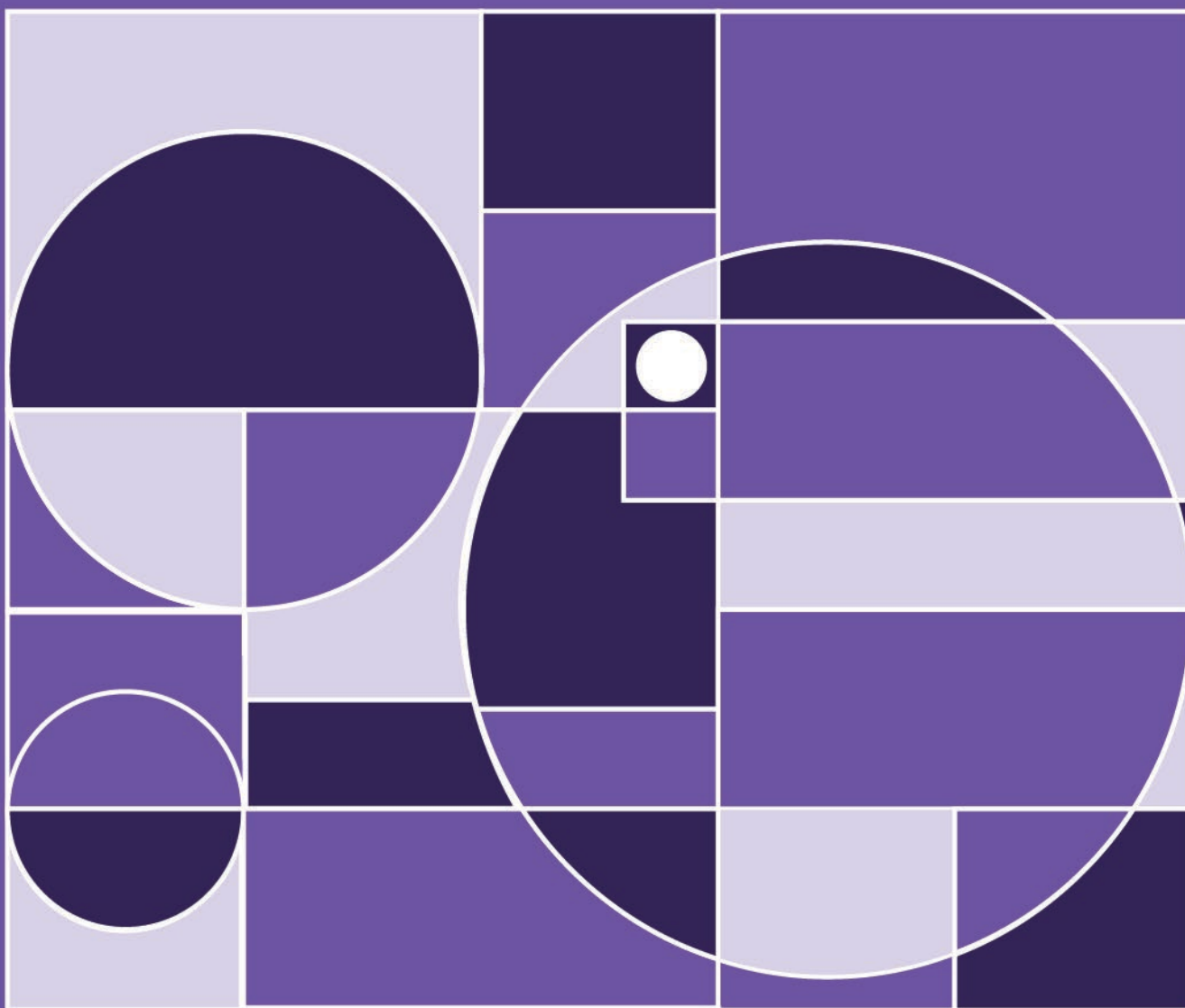




Rialtas na hÉireann
Government of Ireland

Budget 2027

Tax Policy Changes Summary



Prepared by the
Department of Finance
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Summary of *Budget 2027* Tax Policy Changes

Introduction

This chapter outlines the tax policy changes in Budget 2027. Table 1 below shows the cost (presented as a negative figure) or yield (presented as a positive figure) of the tax measures. The costs are estimated by Department of Finance officials working in conjunction with colleagues in the Revenue Commissioners.

Key Objectives of Taxation Policy in *Budget 2027*

In setting taxation policy, the Government has identified the following areas of focus:

- Personal Tax Measures
- Supporting the Housing Market
- Supporting Enterprise, SMEs and the Agricultural Sector
- Supporting Climate Action
- Other Taxation Measures.

Table 1: Tax measures for introduction in 2027, € million¹

Personal Tax Measures	First year Cost/Yield	Full-year Cost/Yield
Income Tax	-1,290	-1,480
Including:		
Increase the Income Tax standard rate cut off point by €2,500		
Increase the Personal Tax Credit by €125		
Increase the Employee Tax Credit by €125		
Increase the Earned Income Credit by €125		
Increase the Home Carer Tax Credit by €100		
USC		
Increase the 2% rate ceiling by €1,600	-28	-32
Taxation of Investments		
Decrease the rate of Investment Undertaking Tax from 38% to 35%	-3.4	-3.4
Decrease the rate of Life Assurance Exit Tax from 38% to 35%	-12.9	-12.9
Decrease the rate of tax applying to equivalent offshore funds from 38% to 35%	-2.6	-2.6
Decrease the rate of tax applying to certain foreign life assurance policies from 38% to 35%	-0.1	-0.1
Investment Account		
Introduce the Investment Account	-5.5	-11.5

¹ First year costs refer to the cost to the Exchequer in 2026, where the cost has an impact in 2026. In all other cases, first year cost refers to the cost in 2027. Full year cost refers to the maximum cost of the measure in any year.

Supporting the Housing Market	First year Cost/Yield	Full-year Cost/Yield
Rent a Room		
Increase Rent a Room Relief from €14,000 to €16,000 from 1 January 2027. Extend Rent a Room Income Tax relief to certain Designated Auxiliary Dwellings after 27 July 2026	-10	-24
Rent Tax Credit		
Increase the Rent Tax Credit by €150 for individuals and €300 for jointly assessed taxpayer units	-40	-45
Help to Buy		
Increase the maximum amount of relief from €30,000 to €35,000 with immediate effect	-4	-16
Residential Zoned Land Tax		
Amend RZLT to provide a further opportunity for landowners to request a change in zoning of land	-	-

Supporting Enterprise, SMEs and the Agricultural Sector	First year Cost/Yield	Full-year Cost/Yield
Capital Gains Tax (CGT)		
Reduce the standard rate of CGT from 33% to 31%	-46.5	-186
Research and Development Tax Credit		
Enhance the R&D tax credit regime	-58.6	-118.3
Knowledge Development Box		
Extend the Knowledge Development Box regime to 1 January 2032 and provide a time limited option to opt out of the regime	-9.6	-9.6
Tax Relief for Start-Up Companies (Section 486C start-up relief)		
Extend the section 486C relief for certain start-up companies to 31 December 2030	-11	-11
Relief for Investment in Corporate Trades		
Extend the Employment Investment Incentive (EII), Start-up Capital Incentive (SCI), and Start-Up Relief for Entrepreneurs (SURE)	-58	-58
Capital Gains Tax Relief for Investment in Innovative Enterprises		
Extend the Capital Gains Tax Relief for Investment in Innovative Enterprises (Angel Investor Relief) ²	0	-8
VAT on non-oral respiratory vaccines		
Reduce the VAT rate to 9% to the supply of respiratory vaccines for livestock	-3.3	-4
Farmer's Flat Rate Payment		
Raise the farmer's flat rate payment to 4.8%	-23	-28
Accelerated Capital Allowance for farm safety equipment		
Extend the accelerated capital allowance for farm safety equipment to 31 December 2029 and include 12 additional pieces of equipment	-1	-1
Tax credit for Succession Farm Partnerships		
Double the tax credit for succession farm partnerships to €10,000 and remove requirement for three years holding period	-1	-1

² There is no cost for this relief until 2028 as the investment must be held for a minimum of 3 years

Supporting Climate Action	First year Cost/Yield	Full-year Cost/Yield
Carbon Tax		
Reduction and Deferral of Carbon Taxes	-25.3	-177 ³
Vehicle Registration Tax		
Increase Category A VRT Rates by 1%, Bands 3 to 20	37	37
Extend VRT Relief on Electric Vehicles to 31 December 2028	-87	-89
Microgeneration of Electricity		
Increase the exempted profits arising from the domestic generation of electricity from €400 to €600	-1	-1
Other Taxation Measures	First year Cost/Yield	Full-year Cost/Yield
Third Level Fees		
Decrease the threshold for tax relief for qualifying tuition fees for approved third level courses to align with the Student Contribution Fee	-4	-4
Childcare Services Relief		
Increase the Childcare Service Relief income ceiling from €15,000 to €20,000 and remove the cap on the number children minded	-2	-2
Nurturing Skills Learner Fund		
Exempt rebates under the NSLF from Income Tax, USC and PRSI	-0.1	-0.2
Donation of Heritage Items		
Increase the Donation of Heritage Items ceiling by €4 million	-3.2	-3.2
Standard Fund Threshold		
Revise current age-related valuation factors	-5	-5
VAT Charity Compensation Scheme		
Increase the annual capped fund to €15 million	-5	-5
Tobacco		
Increase Excise Duty by €1 on pack of 20 cigarettes and pro-rata increase on other tobacco products	5.1	63.1
E-liquids products		
Increase e-Liquids Products Tax by 20 cents per millilitre	21.2	24.0
Pool-betting		
Introduce of a Pool Betting Charge	0.1	0.5
Bank Levy		
Extend the Bank Levy to 2027	200	-
Capital Acquisitions Tax		
Increase the Category A, B and C thresholds for gifts or inheritances	-11	-48
Temporary Measure		
Mineral Oil Tax Non-Carbon Component Reduction Extension	-450 ⁴	

³ €50 million of this cost relates to temporary measures, and does not form part of the Budget tax package for 2027

⁴ This is a temporary measure and does not form part of the Budget tax package for 2027



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