Delmar
Innovation

32E Rosemount Business Park, Ballycoolin Road, Dublin, D11 DYK8, Ireland.
Telephone: +353 (0)1 697 8255, Email: jeff.delmar@delmarinnovation.com

Visit our website: **www.delmarinnovation.com**



BUDGET SUMMARY • 6 OCTOBER 2026

Budget 2027.

Here is our summary of Budget 2027, announced by the Minister for Finance on 6 October 2026. Every 2027 figure is set against 2026, so you can see at a glance what changes for you.

The headline is a €1.3 billion income tax package. The 20% band widens by €2,500 to €46,500 and the main tax credits rise by €125, so someone earning €50,000 will pay over €700 less in income tax and USC. Renters, first-time buyers and childminders all get more help, and carbon tax on home heating oil and gas falls to €48.50 per tonne.

For business owners and investors, Capital Gains Tax falls from 33% to 31%, the R&D tax credit is improved, and a new Irish Investment Account opens on 1 July 2027 with €50,000 tax-free.

The Capital Gains Tax cut, the higher Capital Acquisitions Tax thresholds and the higher Help to Buy limit already apply from 7 October 2026. The income tax, USC and tax credit changes take effect from 1 January 2027.

Overall, this is a Budget that gives money back while the public finances stay in surplus, with a surplus of €9.5 billion forecast for 2027. Most measures still need the Finance Bill to pass, so some details may change.

If you have any questions about how these changes affect you or your business, get in touch. We are happy to help.

IN THIS SUMMARY

01	Personal taxes and charges	**2**
02	Reliefs and employers	**4**
03	Property and capital taxes	**5**
04	Business and farming	**6**
05	VAT, excise and motoring	**7**
06	Savings and investment	**8**

01 • PERSONAL TAXES AND CHARGES

The 20% band widens by €2,500.

Tax rates stay at 20% and 40%. The standard rate band and the main tax credits both go up for 2027.

€700+

less income tax and USC a year for someone earning €50,000.

€1,500

less a year for a two-income couple earning €100,000 between them.

Tax rates and tax bands

PERSONAL CIRCUMSTANCES	2027 €	2026 €	CHANGE €
Single or widowed or surviving civil partner, without qualifying child	**46,500** @ 20% Balance @ 40%	44,000 @ 20% Balance @ 40%	+2,500
Single or widowed or surviving civil partner, qualifying for single person child carer credit	**50,500** @ 20% Balance @ 40%	48,000 @ 20% Balance @ 40%	+2,500
Married or in a civil partnership, one spouse or civil partner with income	**55,500** @ 20% Balance @ 40%	53,000 @ 20% Balance @ 40%	+2,500
Married or in a civil partnership, both spouses or civil partners with income	**55,500** @ 20% plus up to **37,500** Balance @ 40%	53,000 @ 20% plus up to 35,000 Balance @ 40%	+2,500 +2,500

Tax credits

TAX CREDIT	2027 €	2026 €	CHANGE €
Single person	**2,125**	2,000	+125
Married or in a civil partnership	**4,250**	4,000	+250
Employee tax credit	**2,125**	2,000	+125
Earned income tax credit	**2,125**	2,000	+125
Widowed person or surviving civil partner, without qualifying child †	**2,665**	2,540	+125
Home carer tax credit	**2,050**	1,950	+100
Rent tax credit, single claimant	**1,150**	1,000	+150
Rent tax credit, jointly assessed couple	**2,300**	2,000	+300

† Reflects the €125 increase in the personal tax credit. To be confirmed in the Finance Bill.

Other tax credits

These credits, and the income tax exemption limits for people aged 65 and over, are unchanged for 2027.

TAX CREDIT	2027 €	2026 €
Single person child carer credit	1,900	1,900
Incapacitated child tax credit	3,800	3,800
Widowed parent, bereaved in 2026	3,600	n/a
Widowed parent, bereaved in 2025	3,150	3,600
Widowed parent, bereaved in 2024	2,700	3,150
Widowed parent, bereaved in 2023	2,250	2,700
Widowed parent, bereaved in 2022	1,800	2,250
Blind person, single	1,950	1,950
Blind person, married or in a civil partnership, one partner blind	1,950	1,950
Blind person, married or in a civil partnership, both partners blind	3,900	3,900
Age tax credit, single or widowed or surviving civil partner	245	245
Age tax credit, married or in a civil partnership	490	490
Dependent relative tax credit	305	305

Universal Social Charge (USC)

The 2% band rises by €1,600 to €30,300, in line with the increase in the National Minimum Wage to €14.94 an hour from 1 January 2027.

RATE	2027 €	2026 €	CHANGE €
0.5%	Up to 12,012.00	Up to 12,012.00	No change
2%	12,012.01 to **30,300.00**	12,012.01 to 28,700.00	**+1,600**
3%	**30,300.01** to 70,044.00	28,700.01 to 70,044.00	Starts 1,600 higher
8%	Above 70,044.00	Above 70,044.00	No change

Reduced rates of USC

A maximum rate of 2% applies to people aged 70 or over, and to full medical card holders under 70, whose aggregate income for the year is €60,000 or less. Income up to €12,012 is charged at 0.5% and the balance at 2%. This continues for 2027.

Notes

- Aggregate income for USC purposes does not include payments from the Department of Social Protection.
- A GP visit card is not a full medical card for USC purposes.

02 • RELIEFS AND EMPLOYERS

Help to Buy rises to €35,000.

More support for first-time buyers, landlords with a spare room and childminders, and less admin for employers.

Help to Buy (HTB)

The maximum refund available to a first-time buyer is increasing by €5,000 to €35,000, with effect from 7 October 2026.

Rent-a-Room Relief

The tax-free threshold is increasing from €14,000 to €16,000 per annum.

The relief is also being extended to newly installed detached auxiliary dwellings of between 32 and 45 square metres. This applies retrospectively from 27 July 2026, when the new planning rules came into force.

Childcare Services Relief

The income tax exemption for childminding income is increasing by €5,000 to €20,000. The limit on the number of children who may be minded under the relief is being removed.

Micro-generation of electricity

The income tax disregard for profits from selling residential micro-generated electricity to the grid is increasing by €200, from €400 to €600.

Third level fees

The disregard which applies to the relief is being aligned with the Student Contribution rate, giving a further saving to parents.

Standard Fund Threshold (SFT)

The age-related valuation factors which apply under the SFT regime are being revised with effect from 1 January 2027. Further details will be set out in the Finance Bill.

Employer PRSI

The weekly earnings threshold for the lower rate of Employer PRSI is increasing from €552 to €600 for 2027.

Enhanced Reporting Requirements (ERR)

From January 2027, employers will be able to choose to continue to report in real time, or to make monthly returns. Further details will be included in the Budget publications.

Professional Services Withholding Tax (PSWT)

PSWT is being reformed by introducing personalised deduction rates in place of the flat 20% rate of withholding. This will be subject to a commencement order, to allow engagement with stakeholders.

03 • PROPERTY AND CAPITAL TAXES

CGT falls to 31%.

The CGT cut and higher gift and inheritance thresholds apply from 7 October 2026. A new tax on derelict property is on the way.

Capital Acquisitions Tax (CAT)

The tax-free group thresholds are increasing for gifts and inheritances taken on or after 7 October 2026.

GROUP THRESHOLD	2027 €	2026 €	CHANGE €
Group A	**420,000**	400,000	+20,000
Group B	**44,000**	40,000	+4,000
Group C	**22,000**	20,000	+2,000

Capital Gains Tax (CGT)

The standard rate of CGT is reduced from 33% to 31% for disposals made on or after 7 October 2026.

Residential Zoned Land Tax (RZLT)

Landowners subject to RZLT in 2027 will have another opportunity to ask their Local Authority to change the zoning of their land, to reflect the genuine economic activity carried out on it. Landowners who make such a request may qualify for an exemption from the 2027 RZLT liability.

Derelict Property Tax (DPT)

Legislation for a new Derelict Property Tax is being included in the Finance Bill. Local Authorities will identify and register derelict properties, and preliminary registers will be published on 1 September 2027.

The rate of tax will be 7%. Revenue will use its full range of powers to ensure compliance.

Bank Levy

The Bank Levy is being extended for a further year to 2027, with a target yield of €200 million.

04 • BUSINESS AND FARMING

R&D first-year payments rise to €105,000.

Changes to the R&D credit, the Knowledge Development Box and start-up reliefs, plus a bigger credit for succession farm partnerships.

Corporation tax

Research and Development (R&D) Tax Credit

The amendments include:

- higher limits on subcontracting to third level institutions and third parties, from 15% to 20% and from €100,000 to €200,000
- an increase from €87,500 to €105,000 in the amount payable in year one
- a new enhancement for qualifying R&D wage costs
- a regulated clinical trial may be used to satisfy the science test
- a simpler recognition of the credit for preliminary tax purposes.

Knowledge Development Box (KDB)

The KDB is being extended for a further five years. Existing claimant companies will also have a limited option to opt out of the regime for all qualifying assets.

Preliminary corporation tax

The rules are being amended to reduce uncertainty, improve flexibility and cut the administrative burden. The threshold up to which a company counts as a small company for preliminary tax is increasing.

Interest relief

Targeted amendments will simplify the rules on interest relief for borrowings taken out for certain lending and investment activities.

Pillar Two

Legislation to implement the Pillar Two Side-by-Side Package, agreed by the OECD Inclusive Framework in January 2026, will be included in the Finance Bill.

Start-up and investment reliefs

Subject to the new EU State Aid General Block Exemption Regulation, these are being extended:

- Employment Investment Incentive (EII)
- Start-up Capital Incentive (SCI)
- Start-up Relief for Entrepreneurs (SURE)
- Angel Investor Relief
- corporation tax relief for start-up companies.

Farming

Succession farm partnerships

The 3-year holding period is removed for applications made on or after 1 January 2027. The tax credit, available for five years, rises from €5,000 to €10,000 for partnerships registered from that date.

Farm safety equipment

The accelerated wear and tear allowance is extended for three years to 31 December 2029, and 12 further items are added to the list of qualifying equipment.

Flat-rate addition for farmers

The flat-rate addition increases from 4.5% to 4.8% for 2027.

05 • VAT, EXCISE AND MOTORING

Carbon tax on home heating oil and gas falls to €48.50.

The rate on kerosene and natural gas is cut and held for the lifetime of the Government. Reduced fuel excise stays in place until 28 February 2027.

Excise

Carbon tax on kerosene and natural gas

The rate is being reduced from €63.50 to €48.50 per tonne of carbon dioxide, instead of rising to €78.50 by 1 May 2027 as scheduled. It will stay at this rate for the lifetime of the Government.

Mineral Oil Tax (MOT)

The temporary reduced excise rates on petrol and diesel stay fully in place until 28 February 2027. They will then be restored in four phases, reaching full rates on 30 June 2027.

Carbon tax on petrol and auto-diesel stays at €71.00 per tonne until 1 May 2027, when it rises to €78.50. Scheduled increases on marked gas oil move to 1 May 2027 and 13 October 2027.

Other energy measures

- The reduced NORA levy is extended until 31 December 2026.
- The enhanced Diesel Rebate Scheme is extended until 31 December 2026.

Tobacco Products Tax (TPT)

TPT rises by €1.00 on a packet of 20 cigarettes, with pro rata increases on other tobacco products.

E-liquid products

The duty on e-liquid products is increasing by 20 cent per millilitre.

VAT and motoring

Respiratory vaccines for livestock

The VAT rate is being reduced from 23% to 9%.

VAT Compensation Scheme for Charities

The total annual capped fund is increasing from €10 million to €15 million.

VRT relief for electric vehicles

Remission or repayment of VRT for electric vehicles is extended for a further two years until 31 December 2028.

VRT rates

VRT rates for cars in bands 3 to 20, with CO_2 emissions above 80g/km, increase by 1% from 1 January 2027.

06 • SAVINGS AND INVESTMENT

A new investment account opens on 1 July 2027.

€50,000 tax-free, a flat 1% a year above that, and no deemed disposal.

Irish Investment Account

The account will be legislated for in the Finance Bill and will have:

- a tax-free threshold of €50,000
- a flat tax of 1% a year on the value above the threshold
- a maximum contribution of €12,000 a year, with no minimum.

An account valued at €52,000 would pay tax of €20 for that year.

Capital Gains Tax, Dividend Withholding Tax, Investment Undertaking Tax and Life Assurance Exit Tax will not apply, and neither will deemed disposal. The provider, not the individual, deals with Revenue.

Life assurance policies and investment funds

From 1 January 2027, the rate of tax for individuals falls from 38% to 35% on income and gains from:

- domestic life assurance policies
- certain foreign life assurance policies
- Irish domiciled investment funds
- equivalent offshore investment funds.

The legislation on the taxation of investments such as Exchange Traded Funds (ETFs) is also being simplified.

Donation of heritage items

The annual limit on relief for donating heritage items to Irish national collections increases from €8 million to €12 million.

Reviews and consultations in 2027

- The Cycle to Work scheme, to boost take-up.
- The TaxSaver commuter scheme, to reflect changed working patterns.
- The tax treatment of theatre production costs and the night-time economy.
- Barriers to Sustainable Aviation Fuel, through a public consultation.



LEGAL DISCLAIMER

This summary describes the subject in general terms. It does not attempt to cover every issue which may arise, and it is not a legal interpretation of the statutory provisions. No responsibility can be accepted for any liability incurred or loss suffered as a result of relying on any matter published here. All measures are subject to the passing of the Finance Bill 2026.

Source: Budget 2027 Statement by the Minister for Finance, 6 October 2026.

Produced by PracticeNet

Published 6 October 2026