

Budget 2026

Summary



Report for SMEs and the self-employed



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

Revised Entrepreneur Relief

The lifetime gains limit under the Revised Entrepreneur Relief has been increased from €1 million to €1.5 million.

This is a significant improvement for business owners planning to sell qualifying business assets.

Entrepreneur Relief allows those who meet the qualifying conditions to pay a reduced Capital Gains Tax (CGT) rate of 10%, instead of the standard 33%.

For example, if a business owner sells qualifying assets in 2026 and realises a gain of €1.2 million, the entire amount would now be taxed at 10%, resulting in a €120,000 CGT bill.

Under the previous €1 million limit, only the first €1 million would have qualified for the reduced rate, with the remaining €200,000 taxed at 33%, leading to a total CGT of €166,000.

In short, the change provides a potential CGT saving of €46,000 for qualifying entrepreneurs.



Income Tax

The standard rate remains 20%, and the higher rate 40%, with the same income thresholds as in 2025:

- Single or widowed person (no qualifying child): first €44,000 at 20%, remainder at 40%.
- Single person child carer: first €48,000 at 20%, remainder at 40%.
- Married or civil partnership (one income): first €53,000 at 20%, remainder at 40%.
- Married or civil partnership (two incomes): first €53,000 at 20%, plus up to €35,000 for the second income at 20%; remainder at 40%.

For example, an individual earning approximately €70,000 gross per year should see additional take-home pay of circa €1,000, after taking into account the above additional tax cuts.

There are no changes to tax credits for 2026.

VAT Thresholds

From July 2026, the VAT rate for food and catering businesses, as well as hairdressing services, will be reduced from 13.5% to 9%. The existing 9% VAT rate on gas and electricity bills will also remain in place until 31 December 2030.

In addition, effective immediately and continuing until 31 December 2030, the VAT rate on the sale of completed apartments will be reduced from 13.5% to 9%.





Employers

Minimum Wage

From 1 January 2026, the National Minimum Wage will increase by €0.65, bringing it to €14.15 per hour.

To ensure full-time minimum wage workers remain below the top USC rate, the 2% USC band ceiling will rise by €1,318, reaching €28,700. This adjustment will give a small benefit to all employees earning above that level.

The Key Employee Engagement Programme (KEEP) has been extended until the end of 2028.

The Special Assignee Relief Programme (SARP), which supports foreign executives working in Ireland, has been extended for five years. However, the minimum salary threshold for eligibility increases to €125,000, and the government plans to simplify the scheme's administrative process.

Capital Gains Tax (CGT)

Revised Entrepreneur Relief

From 1 January 2026, the lifetime limit for Entrepreneur Relief will increase from €1 million to €1.5 million.

This applies to chargeable gains arising from the disposal of qualifying business assets by a relevant individual.

Electric Vehicle (EV)

The universal relief on the Original Market Value of vehicles, first introduced in 2023, will continue but on a tapered basis.

The relief will remain at

€10,000 for 2026

€5,000 in 2027

€2,500 in 2028

Nil in 2029.

A new vehicle category will be introduced for zero-emission cars, qualifying for the lowest Benefit-in-Kind (BIK) rates.

The Accelerated Capital Allowances scheme for energy-efficient equipment has also been extended until 31 December 2030.



Property

Landlords – Retrofitting

Landlords can continue to deduct certain expenses related to retrofitting properties when calculating rental profits. This deduction has been extended for another three years. The amount claimable is the lower of €10,000 or the actual cost of the retrofitting works.

Rental Tax Credit

The rent tax credit remains unchanged in value but has been extended until December 2028.

Mortgage Interest Tax Credit

The mortgage interest tax credit is extended for two years, with a reduced value to apply in the final year.

Housing & Stamp Duty

Residential Zoned Land Tax (RZLT)

Landowners facing RZLT in 2026 will have another opportunity to request a zoning change from their local authority. If granted, this may allow them to qualify for an exemption from the 2026 RZLT liability.

Bank Levy

The Bank Levy is extended for one more year, covering 2026. It will be calculated as a percentage of eligible deposits held by banks on 31 December 2024.

Residential Development Refund Scheme

This scheme is extended by five years, running until 31 December 2030. Key updates include:

- Extending time limits between acquisition and commencement, and between commencement and completion, from 30 months to 36 months for large-scale developments.
- Allowing a full refund of stamp duty for multi-phase developments once the first phase commences.

Market Capitalisation Exemption

A new exemption from Stamp Duty will apply to transfers of stocks or marketable securities where:

- The securities are traded on a regulated or multilateral trading facility (or an equivalent market outside the EU), and
- The issuing company's market capitalisation is below €1 billion.



Corporation Tax (CT)

Film Relief

A new enhanced film tax credit will apply to productions spending at least €1 million on eligible Visual Effects (VFX) work. Qualifying projects can claim a 40% credit on up to €10 million of eligible expenditure. This measure is subject to State Aid approval.

Digital Games Relief

The digital games tax credit is extended until 31 December 2031. It will now also cover post-release content work, provided certain conditions are met. This too is subject to State Aid approval.

Research & Development (R&D) Tax Credit

The R&D tax credit rate increases from 30% to 35%, and the first-year refund cap rises from €75,000 to €87,500, supporting both large and small innovation projects.

Enhanced Deduction for Construction

A new enhanced corporation tax deduction will be available for construction costs on:

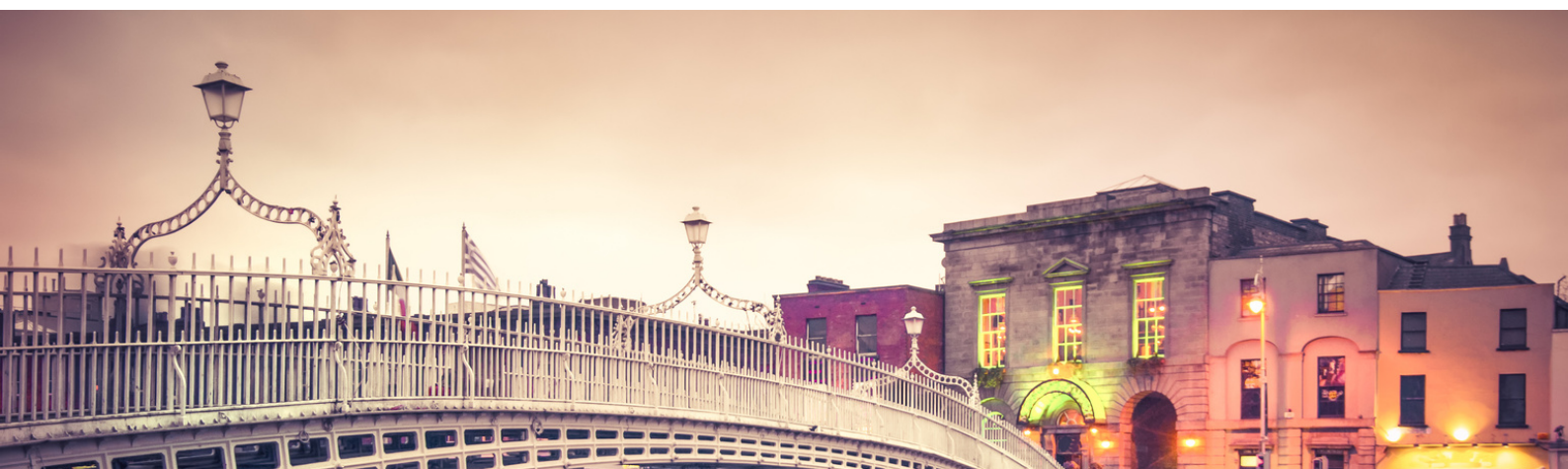
- Apartment developments, and
- Conversions of non-residential buildings into apartments.

Further detail on these construction-related deductions will be included in the Finance Bill.

Life Assurance Policies and Investment Funds

From 1 January 2026, the tax rate for individuals on income and gains from the following will decrease from 41% to 38%:

- Domestic life assurance policies
- Certain foreign life assurance policies
- Irish-domiciled investment funds
- Equivalent offshore investment funds in other EU Member States, EEA States, or OECD countries that have double taxation agreements with Ireland.



Higher Education

The Minister has confirmed a permanent €500 reduction in third-level student fees. From 1 January, the annual student contribution will drop from €3,000 to €2,500, applying to the current academic year for all eligible students.

Alongside this, the SUSI grant scheme will expand, with the household income threshold increased to €120,000, allowing thousands of additional students to qualify for financial support.



Agriculture

Accelerated Capital Allowances – Slurry Storage

The accelerated capital allowances scheme for slurry storage expenditure is extended until 31 December 2029.

Young Trained Farmer (YTF) Relief

This relief, originally due to end in 2025, is extended to 31 December 2029, pending commencement by the Minister for Finance.

Farm Consolidation Relief

Extended to 31 December 2029, and now broadened to include non-commercial woodland. The extension and scope changes are subject to commencement by the Minister for Finance.

Farm Restructuring Relief

Also extended to 31 December 2029 and expanded to cover commercial woodland and non-commercial woodland used for conservation purposes. These updates are likewise subject to commencement by the Minister for Finance.

Flat-Rate Addition for Farmers

The flat-rate addition will decrease from 5.1% to 4.5%, effective 1 January 2026.

Disclaimer

This summary provides a general overview of the subject matter and does not cover every possible issue that may arise. It should not be regarded as a legal interpretation of the relevant statutory provisions. No responsibility is accepted for any loss or liability incurred as a result of relying on the information contained within it.





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