Budget 2026

Welcome

The Forvis Mazars tax team is pleased to present our summary of the measures announced in Budget 2026.

With nine tax partners and more than 100 professionals across five offices in Ireland, we combine breadth of expertise with practical insight to support clients in an evolving and dynamic business environment.

Businesses are operating against a backdrop of rising costs, global uncertainty and shifting policy priorities. In this context, tailored support and clear guidance are more valuable than ever. Our team works with organisations of every size – from entrepreneurial start-ups to multinationals operating across multiple jurisdictions – to navigate complexity, manage risk and plan for sustainable growth.

Whether you are planning for transition, reviewing your structures or exploring opportunities for innovation and investment, our specialists are on hand to provide efficient, focused advice.

In a year where government policy balances prudence with targeted investment, many businesses will be seeking clarity, simplification and long-term certainty. We remain closely engaged with these developments and are committed to helping our clients make informed decisions, adapt with confidence, and take advantage of opportunities as they emerge.

Gerry Vahey
Head of Tax

Backdrop

Budget 2026 provides a €9.4bn package. The package for 2026 will comprise €8.1bn in expenditure and €1.3 bn in taxation measures. A significant element of the expenditure has been allocated to capital spending.

The certainties underpinning Ireland have been called into question by Minister Donohoe. The introduction of tariffs will, regrettably, impact future growth. The Minister is of the opinion that the focus needs to be on long-term measures which protect jobs and future growth. The intention is to create an additional 63,500 jobs by the end of 2026. Critical infrastructure projects will be the focus for the coming years, so as to provide stability and safeguard future growth and prospects.

Some of the measures announced today featured in the weekend media. However, some positive, unexpected changes were also announced. Further details on how the measures will operate will be set out in the Finance Bill, which will be issued in the coming days.

Business Tax

- The Research and Development (R&D) regime is to be enhanced. The rate is to be increased from 30% to 35%. The year one repayment threshold is to be increased from €75,000 to €87,500. An R&D compass to be announced in the coming weeks, the intention being to support a pathway for innovation supports (e.g. to better align with industry practices, for example, in the areas of outsourcing and qualifying expenditure definitions).
- Enhanced corporation tax deduction for certain costs incurred on the construction of apartment developments, and for the conversion of non-residential buildings into apartments.
- Measures were taken in Budget 2025 to facilitate tax simplification. This included the introduction of a participation exemption for dividends received by an Irish company. This regime will be enhanced by increasing the scope of countries to which it applies.
- Film Relief – Increase in rate to 40%. This will apply to projects with a minimum eligible spend of €1m on visual effects work.
- The Digital Game credit is to be extended for 6 years up to 31 December 2031. The regime will extend to post-release content where the original game availed of the credit. State aid approval is required.
- The regime for interest deductibility and taxation is to be overhauled. This is considered necessary to protect the tax base. Feedback on this will be published in December.
- Key Employee Engagement Programme (KEEP), which is due to expire at the end of this year, is being extended until the end of 2028, subject to approval from the European Commission.

Personal Tax

- No change to tax bands, rates or key tax credits. The scope of personal tax changes is considered to be limited. Commitment made to progressive changes over the lifetime of the Government, if the economy permits.
- USC band to be increased by €1,318 to €28,700. Change will be in line with the increase in the minimum wage, which will increase to €14.15 in 2026. Extension of the USC concession that applies to those who have a full medical card and earn less than €60,000 per year until the end of 2027.
- Rental credit to be extended to the end of 2028. No change to rate.
- Tapering of BIK Relief for company cars and the creation of a new vehicle category for zero emission cars only where the lowest rate of BIK will apply.
- Mortgage interest relief credit to be extended for a further two years, with a reduced value applying in the final year.
- Entrepreneur Relief to be enhanced with effect for disposals made on or after 1 January 2026. Limit amount to be increased from €1m to €1.5m.

International

- To support the movement of employees outside of Ireland, the Foreign Earnings Deduction (FED) is to be extended for a further five years. The regime will be enhanced to include the Philippines and Turkey, while increasing the relief amount to €50,000.
- As part of a regime to continue to attract key international talent, the Special Assignee Relief Programme (SARP) will be extended for a further five years. Qualifying income will increase to €125,000. Simplified administration of the regime is to be provided for in the Finance Bill.
- A joint Department of Finance and Revenue public consultation will soon be announced in respect of the application of withholding taxes.

VAT

- 9% VAT rate on energy bills to be extended for a further two years. This was due to end this month and revert to the 13.5% rate.
- 9% VAT rate to be introduced for food, catering and hairdressing businesses. New rate to come into effect on 1 July 2026.
- The Revenue Commissioners will begin a phased roll-out of domestic electronic invoicing arrangements for business-to-business transactions. Revenue will publish further details on this initiative tomorrow. This change coincides with EU provisions.

Excise Taxes

- The €5,000 VRT relief for electric vehicles to be extended for one more year, until 31 December 2026.
- A tax of €71 per tonne of CO_2 emitted will be applied to auto fuels, effective from tomorrow. This is in line with Finance Act 2020, which legislated for increases to the carbon tax until 2030.
- The duty on a pack of 20 cigarettes will be increased by 50c.

Agriculture

- Extension of reliefs to support farm succession, including the Farm Consolidation (Stamp Duty) relief, Farm Restructuring (CGT) relief and the Young Trained Farmer (Stamp Duty) relief. All being extended until the end of 2029.
- Farm Restructuring Relief to be enhanced to include woodlands and forestry.
- The Accelerated Capital Allowance regime is to be extended to include slurry storage facilities for four more years. It is understood that this is being done to assist farmers in meeting their emission targets.

Housing

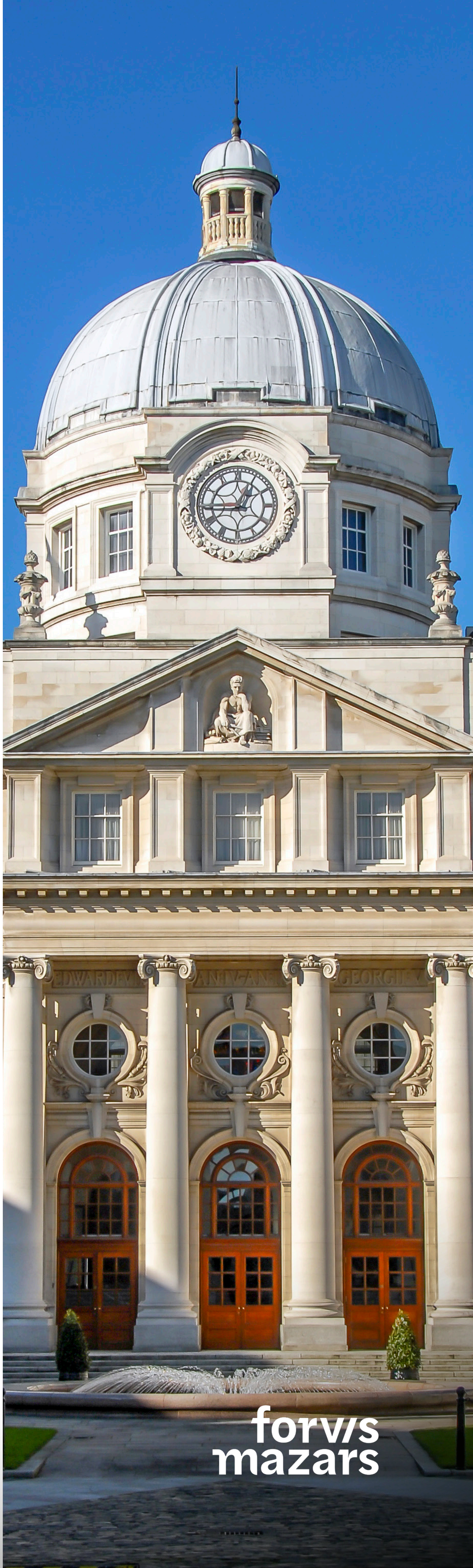
- Over €5bn committed to the development of property for first time buyers. This is in addition to the budget provided for the Land Development Agency.
- VAT rate on sale of completed apartments to be reduced from 13.5% to 9%. To be applied from midnight tonight and effective to 31 December 2030.
- Properties falling within the cost rental scheme to be exempt from corporation tax.
- Living City Initiative to be extended to the end of 2030, with scope being extended to properties built before 1975. Support extending to over the shop properties with limits increasing from €200,000 to €300,000. Time period over which relief can be claimed to be extended.
- Derelict Property Tax to be introduced to replace Derelict Site Levy at a rate of at least 7%, which will be collected by the Revenue Commissioners.
- Additional exemptions for landowners from Residential Zoned Land Tax.
- Residential Stamp Duty refund scheme to be extended to end of 2030.
- Stamp duty refund for multi phased developments.
- In a bid to support the upgrading of rental housing stock, the Income Tax deduction for small landlords who retrofit their properties will be extended for a further three years.

Financial Services

- The Investment Undertaking Tax rate and CGT rate applicable to equivalent offshore funds is being reduced from 41% to 38%. This follows from the Fund Sector 2030 review and is aimed at encouraging more Irish retail investors to invest in Irish Funds.
- A new exemption from Stamp Duty on Irish shares is to be introduced where the shares are traded on a regulated market and the market cap of the company is less than €1 bn.
- Following the consultation on the tax treatment of interest which was held earlier in the year, an "action plan" to reform the tax regime for interest will be published on Budget day.

Energy

- 9% VAT rate on energy bills to be extended for a further two years. This was due to end this month and revert to the 13.5% rate.
- No energy credits in 2026.
- Income tax exemption of up to €400 on the microgeneration of electricity to be extended for three years to 31 December 2028.



Gerry Vahey
Head of Tax,
gvahey@mazars.ie

Oonagh Carney
VAT & Indirect Tax Partner
oonagh.carney@mazars.ie

Stephen Gahan
Tax Partner
stephen.gahan@mazars.ie

Frank Greene
Tax Partner
fgreene@mazars.ie

Claire Healy
Transfer Pricing Partner
chealy@mazars.ie

Cormac Kelleher
International Tax Partner
ckelleher@mazars.ie

Ken Killoran
Employment & Global Mobility Tax Partner
kkilloran@mazars.ie

Alan Murray
Private Client Tax Partner
amurray@mazars.ie

Paul Mee
Tax Partner
pmee@mazars.ie

Forvis Mazars Group SC is an independent member of Forvis Mazars Global, a leading professional services network. Operating as an internationally integrated partnership in over 100 countries and territories, Forvis Mazars Group specialises in audit, tax and advisory services. The partnership draws on the expertise and cultural understanding of over 40,000+ professionals across the globe to assist clients of all sizes at every stage in their development.

forvismazars.com/ie