

2027 BUDGET UPDATE



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Budget 2027 details were announced in the Dail by the Minister for Finance on 6th October 2026.

The key points include:

Income Tax 2027:

- €2,500 increase in the standard rate band.
- €125 increase in personal tax credits.

USC 2027:

- There will be an increase in the ceiling for the 2% band from €28,700 to €30,300.

Capital Gains Tax

- The CGT rate reduces from 33% to 31% from disposals made on or after 7th October 2026.

Capital Acquisitions Tax :

- Increases in the three Thresholds. Class A Threshold applying to gifts and inheritances received by a child from a parent increases from €400,000 to €420,000 for gifts and inheritances taken on or after 7th October 2026.

Standard Fund Threshold

- The Standard Fund Threshold will increase in stages from 2026 to reach €2.8m by 2029; this was provided for in Finance Act 2024. The Threshold will therefore rise to €2.4m in from 1st January 2027

2025	€2,000,000
2026	€2,200,000
2027	€2,400,000
2028	€2,600,000
2029	€2,800,000

- The valuation factors used to value DB pensions for the purposes of the Standard Fund Threshold will be 'revised' (probably reduced?) with effect from 1st January 2027. The revised factors have not been announced in the Budget speech but will be included in the Finance Bill expected to be published around 16th October 2026

If the factors are reduced, the main beneficiaries will be higher paid public service employees.

- No changes in pension tax relief announced.

New Personal Investment Account

- o Will be introduced from 1st July 2027
- o Maximum annual saving: €1,000 per month, i.e. €12,000
- o Tax free returns up to a total fund of €50,000; once the fund exceeds €50,000 a flat tax of 1% pa of the value of the fund in excess of €50,000 will be charged, regardless of the return (positive or negative) achieved by the fund at the time.
- o More details on page 6.

Other Savings & investments:

- o Exit tax rate on deemed disposals and actual encashments reduces from 38% to 35% for disposals happening on or after January 1st 2027.
- o No change announced in 1% life assurance premium levy. However, it is expected to not apply to Personal Investment Account life assurance policies.

Social Welfare benefits:

- o A €10 pw increase in the maximum rate of State Pension and other Social Welfare benefits were announced for 2027, with proportionate increases for qualified adults and those on reduced rates of payment and increases in the qualified child increases.
- o There will be a double Christmas payment, including the State Pension, in early December 2026.

Property related tax reliefs:

The extension of a number of existing property related reliefs and introduction of new ones was announced in the Budget speech:

- o The **Rent a Room** income tax relief limit will be increased from €14,000 to €16,000 from 1st January 2027.
- o The **Rent Tax Credit** for income tax applies to the end of 2028. The maximum credit increases from €1,000 per single individual and €2,000 per jointly assessed couple, to €1,150 and €2,300 respectively for 2027.
- o The **Mortgage Interest Tax Credit** due to expire at end of 2026 has been extended to the end of 2027.

Homeowners with an outstanding mortgage balance between €80,000 and €500,000 as of 31 December 2022 are eligible for this relief.

The current level of interest qualifying for this credit at 20% is €3,125 per property available, i.e. a maximum tax credit of €625.

- o The **Help to Buy** scheme for first time buyers continues to the end of 2029. The maximum tax refund which can be claimed will be increased from €30,000 to €35,000 with immediate effect.

Income Tax rates and bands

	2027	2026
Standard rate	20%	20%
Higher rate	40%	40%
Single person standard rate band	€46,500	€44,000
Married couple/civil partnership, one income standard rate band	€55,500	€53,000
Married couple/civil partnership, two incomes standard rate band	€55,500 plus increase for other spouse of lower of their income and €37,500	€53,000 plus increase for other spouse of lower of their income and €35,000

Income Tax Credits

	2027	2026
Single	€2,125	€2,000
Married/civil partner	€4,250	€4,000
Widowed person or surviving civil partner (without qualifying child)	€2,665	€2,540
Single person Child Carer Tax Credit	€2,025	€1,900
Employee tax credit	€2,125	€2,000
Earned income tax credit	€2,125	€2,000
Home carer tax credit	€2,050	€1,950

USC rates 2027

Up to €12,012	0.5%¹
From €12,012 to €30,300	2%
From €30,301 to €70,044	3%
Above €70,044	8%

- USC does not apply to State Pensions, but does apply earnings and to private pensions and ARF/vested PRSA withdrawals
- Exemption from USC applies where total income (excluding the State Pension) in 2027 is less than €13,000.
- The self-employed additional 3% USC surcharge on non-PAYE incomes over €100,000 continues to apply for 2027.
- A 2% USC rate for those over 70 and medical card holders for total income (excluding the State Pension) in excess of €12,012 and under €60,000 continues to apply for 2027.

PRSI Rates

PRSI Class	From 1st October 2027	From 1st October 2026
Employee Class A	4.50%	4.35%
Self Employed (Class S)	4.50%²	4.35%
Employer Class A	11.55%	11.4%

Capital Acquisition Tax

Benefit	2027 (wef 7th October 2026)	2026
Gift Tax & Inheritance Tax rate	33%	33%
Thresholds		
A – beneficiary is a child or minor child of a deceased child	€420,000	€400,000
B – beneficiary is other blood relative, e.g. nephew/niece	€44,000	€40,000
C – other beneficiaries	€22,000	€20,000

¹ Exemption from USC where income is less than €13,000.

² The blended rate for Class S for the full 2027 year will be 4.3875%, i.e. 9 months at 4.35% plus 3 months at 4.50%.

Social Welfare Benefits 2027

Benefit	Maximum weekly rate 2027	Maximum weekly rate 2026
State Pension Contributory – under 80	€309.30	€299.30
State Pension (Non-contributory) – under 80 ³	€298.00	€288.00
Invalidity Pension	€269.50	€259.50
Bereaved Partner/Widows/Widowers Contributory Pension – under 66	€269.50	€259.50
Increase for a qualified child – under 12	€64.00	€58.00
Increase for a qualified child – Age 12+	€84.00	€78.00
Illness	€264.00	€254.00

There will be a double weekly payment of the State Pension in early December 2026.

³ Means tested

New Personal Investment Account (PIA)

The main details of the Investment Account to be introduced on 1 July 2027 are as follows:

- Open to Irish residents over age 18 who hold a PPSN.
- A person can only have one PIA at a time
- The maximum annual saving in the PIA will be €12,000 pa, or €1,000 per month
- Tax free investment returns and no exit tax or deemed encashments.
- A flat tax of 1% pa will be deducted on the excess of the value of the fund over €50,000; this tax will apply regardless of the return (positive or negative) the fund earns when the fund exceeds €50,000.
- Eligible providers will be MiFID-authorized service providers, regulated fund managers, and life assurance companies
- The PIA provider will deduct and remit the tax deducted to Revenue; the saver will not have to remit the tax.
- A saver can move from one PIA to another but can only have one PIA at any time.

A comparison between the new PIA and a life assurance savings plan, based on the information available at this time, is:

	<i>Personal Investment Account</i>	<i>Life assurance savings account 2027</i>
Limit on regular savings amount	Yes. €12,000 pa initially.	None
Can I have more than one?	No	Yes
Does the 1% pa life assurance premium levy	No	? Unlikely to apply but not clarified yet
Investment choice	Limited to listed shares and bonds and Exchange Traded funds More details expected in the Finance Bill.	Unit linked funds offered by life company including cash, property etc. No restriction on fund choice
Tax on investment returns	Tax free accumulation up to a fund of €50,000 A flat 1% pa tax will apply to the excess of the value of the fund over €50,000, regardless of return earned.	Tax free accumulation.
Deemed encashment	No	Yes every 8 years, at 35% on any unrealised gain.
Exit tax on encashment	No.	Yes at 35% in 2027 on realised gain, including on death

Finance Bill 2026

Finance Bill 2026 which will implement the Budget 2027 changes and other measures will be published around the middle of October 2026. It's possible that other taxation changes not announced in the Budget could be introduced in the Bill at that stage.



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