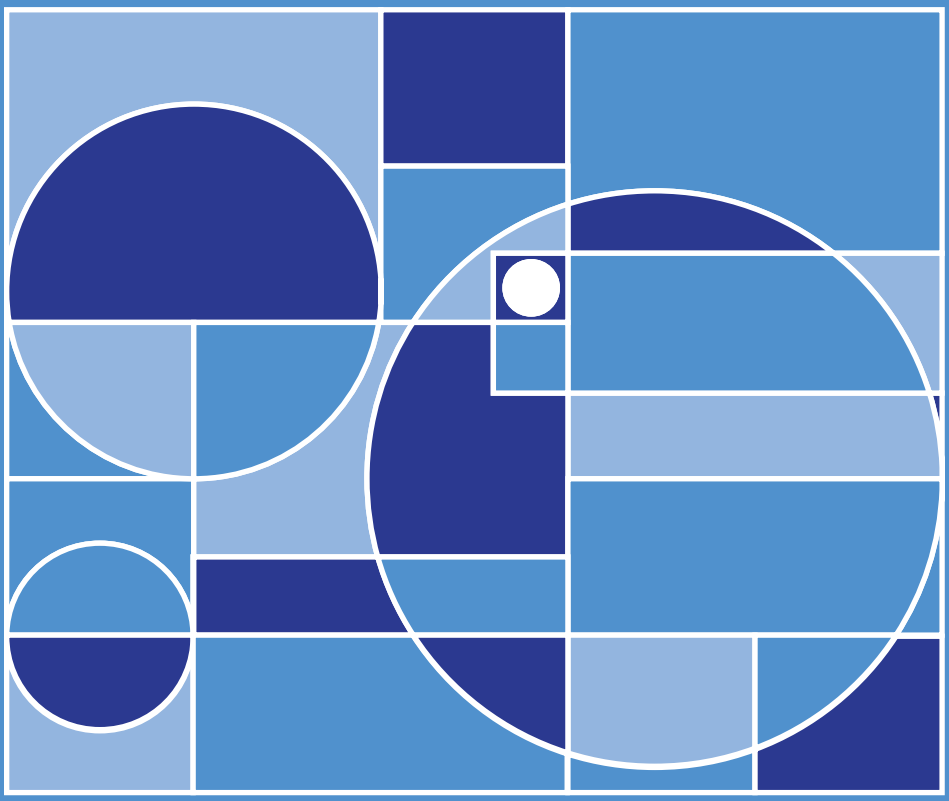
Rialtas na hÉireann
Government of Ireland

The Budget in Brief
Your guide to Budget 2027



Prepared by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation
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Contents

Welcome to the Budget in Brief	2
Overall Breakdown of Tax and Expenditure Measures	3
The Budget Process	4
How is the Economy Doing?	6
Where Does the Money Come From?	8
How is the Money Spent?	10
Delivering Better Public Services	12
Accelerating Infrastructure	14
Climate Action and Carbon Tax	16
Voted Expenditure 2027	17
Key Expenditure Measures	18
Key Tax Policy Measures	24
Where Can I Find Out More?	27

Welcome to the Budget in Brief

This guide provides a high-level overview of Budget 2027.

Each year at Budget time important decisions are made about how public money will be spent and the level of taxation needed to fund this.

This guide aims to explain how money will be raised and spent in 2027. It has an easy-to-use format so that it can be used by a wide cross-section of society. This will enable people to take part in informed debate about the choices made by Government.

This guide provides a high-level overview of Budget 2027. If you would like to know more about any information found in this guide, visit www.gov.ie/budget where a range of more in-depth material is available to download.

What is the Budget?

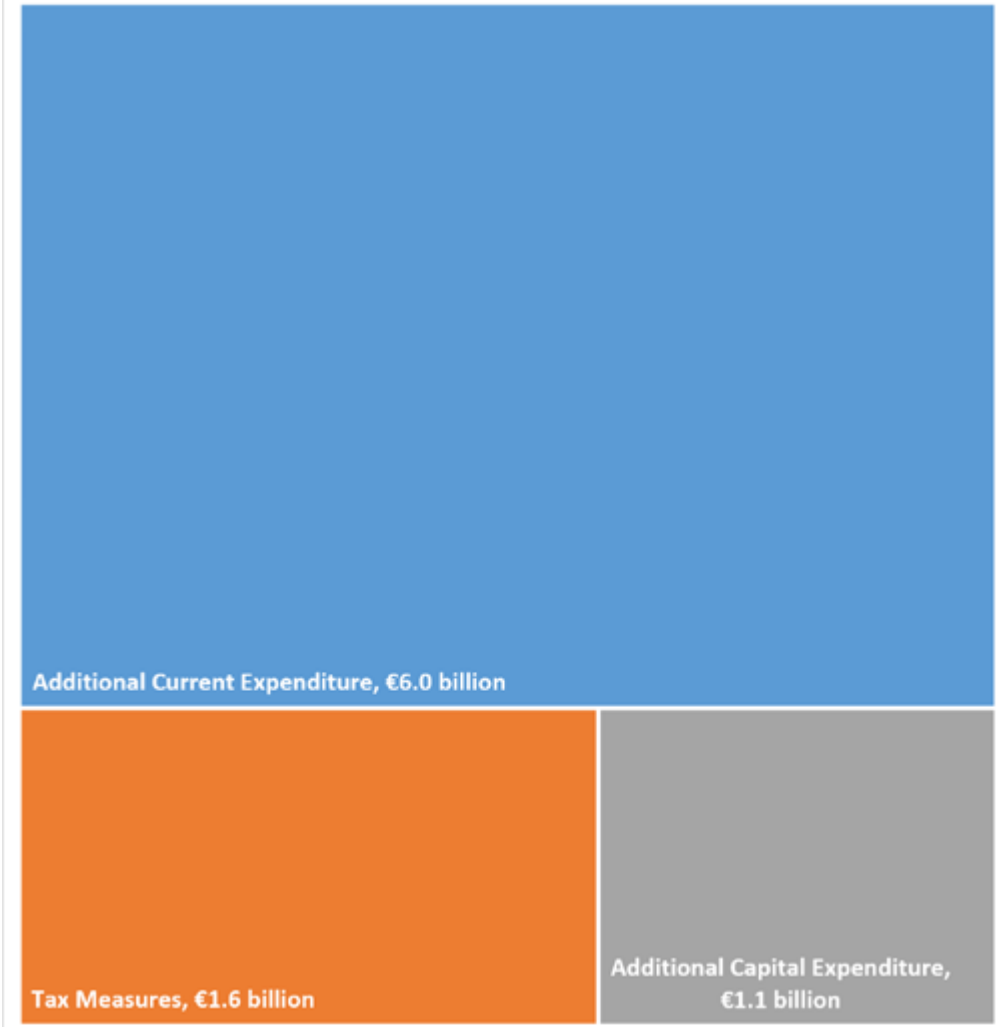
In autumn of each year, the Minister for Finance and Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation announce the Government's spending, tax and borrowing plans for the following year.

This is called the National Budget.

The Budget covers all of Government spending and revenues. It includes all Government departments and agencies, non-commercial state bodies as well as the Local Government sector.

Overall Breakdown of Tax and Expenditure Measures

Budget 2027



The Budget Process

Annual Report Progress

The Annual Progress Report is sent by the Government to the European Commission each spring. It tracks how Ireland is meeting its reform and investment commitments under EU rules.

Summer Economic Statement

In July, the Summer Economic Statement is published. It provides an updated assessment of how the economy and the public finances are doing and sets out the Government's strategy for the Budget. It allows for an open discussion about options and priorities in advance of the Budget.

Mid-Year Expenditure Report

In the summer, the Mid-Year Expenditure Report sets out the expenditure policy context for the upcoming Budget. It provides an analysis of Government policies.

National Economic Dialogue

In June, the National Economic Dialogue is held. It is attended by Ministers, Members of the Oireachtas, business and employee representatives, social and voluntary groups, environmental groups, and other representative bodies. The Dialogue allows for the sharing of views about the competing economic and social priorities facing Government.

White Paper on Receipts and Expenditure

On the weekend before the Budget, the White Paper on Receipts and Expenditure is published by the Department of Finance. It sets out projected national revenues and spending for the current year, and also for the next year. It sets out the opening position for the Budget, and figures are calculated on a pre-Budget basis (that is, based on the current Budget, and not the Budget to be announced the following week).

Social Welfare and Pensions Bill and Finance Bill

The Social Welfare and Pensions Bill provides for changes in the social welfare code announced in the Budget, and is usually enacted soon after Budget Day. The Finance Bill, which puts the tax measures announced in the Budget into law, must be enacted within four months of the passing of the Budget Day Financial Resolutions.

Budget Day

On Budget Day, the Minister for Finance and Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation present the Budget Statements to Dáil Éireann. They explain the changes Government proposes to make to taxes and spending in the following year. These proposals are debated. Any changes that are proposed to have immediate effect are voted on by Dáil Éireann as Financial Resolutions.

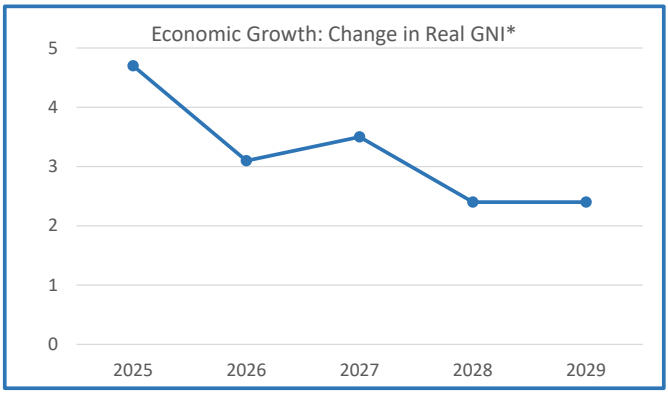
Revised Estimates Volume

In December, the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation publishes the Revised Estimates Volume. This book provides full details about spending in each Government department and agencies, as well as performance information.

How is the Economy Doing?

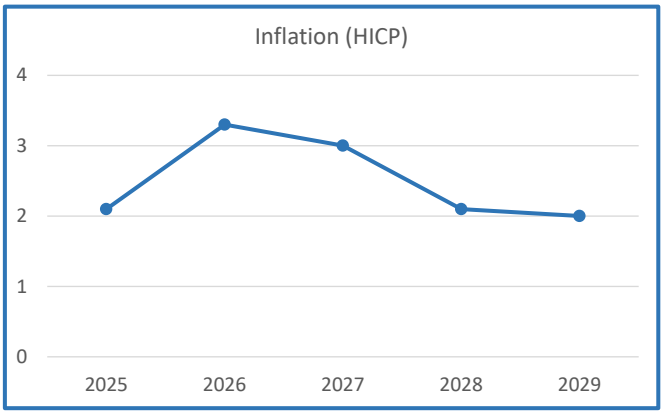
Economic Growth

Modified Gross National Income (GNI*) measures the size of our economy in a given year. 'Real' GNI* strips out the effect of inflation, allowing us to judge whether the economy has really grown (rather than prices simply increasing). GNI* is projected to continue to record robust growth over the short-term.



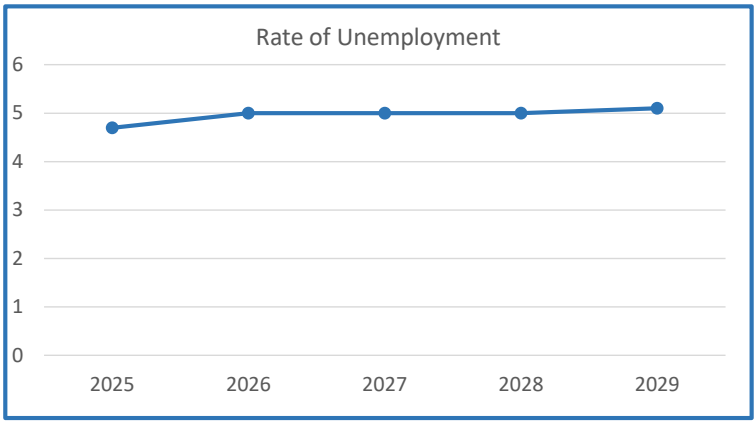
Inflation – the changing cost of living

Inflation is an increase in the prices of goods and services. How quickly prices go up is called the rate of inflation. The Harmonised Index of Consumer Prices (HICP) measures the overall change in the prices of goods and services that households typically buy over time. It allows comparisons with other EU countries. The below sets out the average change in prices relative to the previous year.



The Labour Market – Unemployment

The estimated number of people employed in Ireland stands at 2.84 million, an increase of around 21,000 over the same period last year. The unemployment rate reflects those that are not in work but are available for work, as a percentage of the total labour force.



The Labour Market – Growth in Wages

Average wages have been increasing in Ireland and are expected to continue to grow in the coming years. 'Real average wages' (wages adjusted for inflation) are expected to be higher in 2027 than they were prior to the inflationary period, reflecting real gains for workers.

Source: Department of Finance

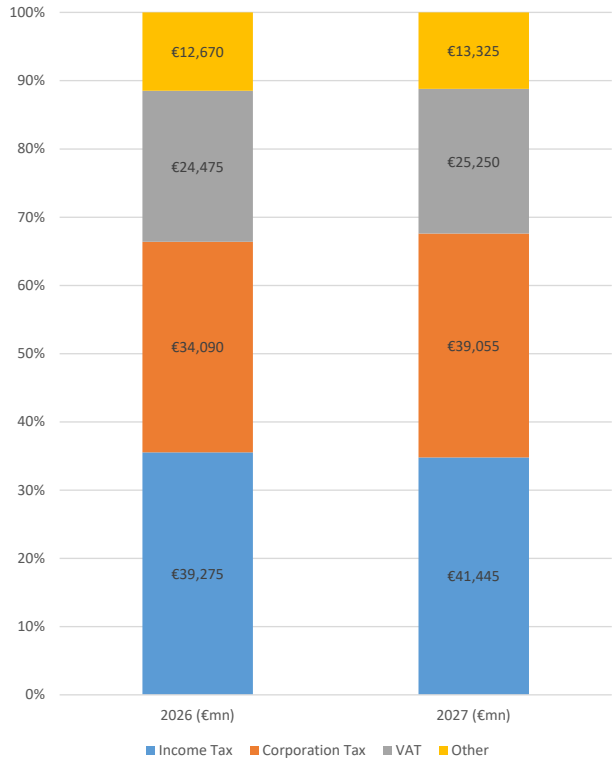
Where Does the Money come from?

All tax payments and other revenues received by the State are paid into a central fund, called 'the Exchequer'. Government expenditure is funded from the Exchequer.

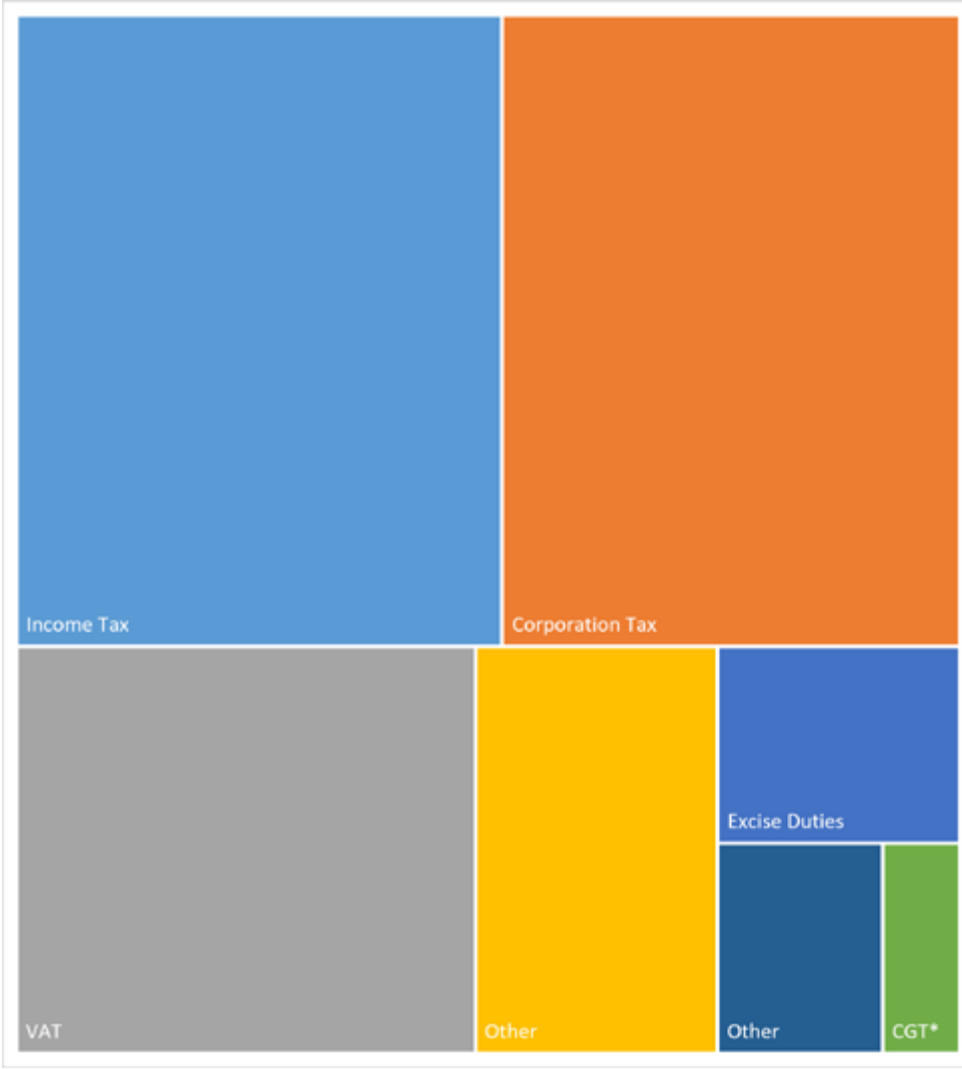
Government receives money from a number of sources, with most of this coming from tax revenue and Appropriations-in-Aid.

- Tax revenue is paid by people and businesses (e.g. Income Tax, Corporation Tax).
- Appropriations-in-Aid are the money generated by Government Departments and bodies for their own use.

This chart shows how the size of the three largest tax revenue sources changes between 2026 and 2027, with remaining sources grouped in the 'Other Revenue' category:



This chart shows a breakdown of the amount of money that Government expects to raise through each tax revenue source in 2027. The larger the rectangle, the greater the portion of revenue raised by that source.



*Capital Gains Tax

How is the Money Spent?

Money raised by the Government is spent on delivering public goods and services.

It can be divided into current and capital expenditure.

Capital expenditure includes spending on long-term physical assets (such as roads, bridges, hospital buildings and schools) and on non-physical assets (such as computer software).

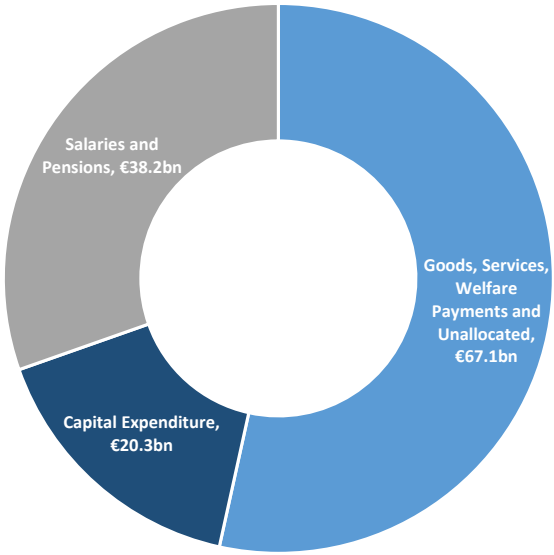
Current expenditure covers day-to-day spending by Government departments, agencies and non-commercial state bodies and includes the wages and pensions of public servants.

The expenditure that is approved by the Dáil during the budget process is called **'Voted Expenditure'.**

2027 Voted Expenditure

€125.6 Billion

This chart shows how Voted Expenditure of €125.6 billion for 2027 is broken down between spending on goods and services, salaries and pensions, and capital expenditure.



Non-Voted Expenditure is not subject to annual Dáil approval, but is allowed for under existing laws. It includes spending such as interest on the National Debt and Ireland's contribution to the EU Budget. It also includes costs such as the Houses of the Oireachtas and the salaries of judges.

2027 Non-Voted Expenditure

€19.1 Billion

Delivering Better Public Services

This is the second Budget of this Government. Since 2019, there has been enhancements to existing supports, changes to eligibility and the introduction of new policies. Some of the measures introduced since 2019 include:

Enhancing service delivery for people living in Ireland through increased staffing

- Over the period 2019-2025, the number of people working in the public sector has increased by 78,000. This includes key frontline service areas such as the health, education and justice sectors.
- Over the period 2019-2025, primary teacher numbers rose by 5,168 (14%) and post-primary teachers by 5,288 (18%). Support for students with Special Educational Needs also expanded, with 7,084 additional Special Needs Assistants recruited - a 44% increase over this period.
- At the end of 2025, there were 129,080 whole time equivalents in public health service employment, an increase of 33% since 2017.

Reducing the costs for people accessing services

- Costs for childcare have been reduced under the National Childcare Scheme (NCS) and Core Funding, with the NCS expected to benefit 286,000 children in 2026.

- Free GP Care for children up to age 8, providing free contraception, and reducing the threshold for the Drug Payment Scheme from €134 in 2019 to €80.

- A permanent €500 reduction in the student contribution fee, benefiting 108,000 students in the 2025/26 academic year.

More citizens qualify for services and supports

- More people can now get social protection payments and receive higher levels of payment. Eligibility for schemes such as the Working Family Payment and Carers Allowance has been increased.

- Income thresholds for social housing supports have been increased, and affordable housing supports have been expanded.

- Approximately 40% of the population has either a medical or GP visit card, covering all GP care, and prescription pharmaceutical costs.

Accelerating Infrastructure

Ireland is building. We are investing in the water, electricity and transport connections that make everything else possible - homes, jobs, communities and a sustainable future. We are not talking about abstract projects. We are delivering the connections that communities depend on for their daily lives and their future prosperity.

The government has committed to spending €275.4 billion on infrastructure over the next 10 years, with €102.4 billion planned for the next five years. This is the largest ever capital investment plan in the history of the State and will create the building blocks needed to deliver thousands of new homes, more childcare and school places, investment in children's disability services and better healthcare for all.

However, the rate at which Ireland has been delivering infrastructure projects is not where it needs to be. To address this, the Accelerating Infrastructure Report and Action Plan was published in December 2025. A comprehensive and ambitious programme designed to speed up the delivery of critical infrastructure across Ireland, the plan responds to well-documented issues: lengthy development timelines, fragmented and sequential processes, rising construction costs, and complexity in planning, consenting and delivery. These things have been identified repeatedly as major barriers to achieving our housing, energy, climate and competitiveness goals.

The plan contains 30 targeted actions, grouped under four areas: legislative reform, regulatory reform and simplification, delivery and coordination reform, and public engagement.

While the full benefits of the reforms will build over time, impacts are already visible:

- 500,000 people in North Dublin and surrounding counties will benefit 1 year earlier from additional housing and cleaner environment because of the faster delivery of the Greater Dublin Drainage project.
- The Waterford Wastewater Treatment Plant project saved 6 months in progressing to procurement stage, due to changes to approval processes for Uisce Éireann major projects.
- Communities in Meath, Limerick and Dublin will have enhanced electricity supply needed to build more homes and grow businesses earlier due to faster planning for substations in Fostertown, Ballycummin and East Wall.
- The parallel assessment of the Metrolink project saved months in allowing the project to proceed to contracting.

Alongside record investment in infrastructure, these reforms are helping to get projects built faster by cutting delays, improving coordination and speeding up decision-making.
If you would like more information or to sign up for updates on infrastructure, visit www.gov.ie/2040

Tionscadal Éireann
Project Ireland
2040

Climate Action and Carbon Tax

In light of cost-of-living pressures, it has been decided the carbon tax will not increase in Budget 2027 as scheduled. The carbon tax on home heating oil (kerosene) and natural gas will be reduced to €48.50 t/CO2 and will be maintained at this rate for the lifetime of the Government. The rate for petrol and diesel will remain at €71t/CO2 until 1 May 2027 when it will increase to €78.5 t/CO2. The Budget 2027 allocations of revenue will remain at 2026 levels.

Impact on key typical fuel bundles in 2027

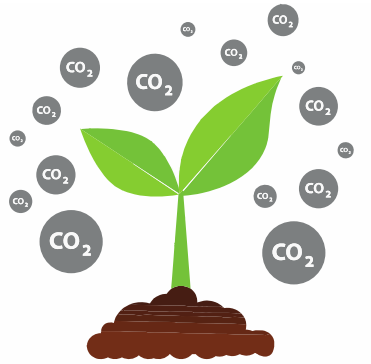
-€43
1000L
Kerosene

-€32
11,000kWh
Gas

+€1.28/+€1.48
60L fill
Petrol/Diesel

€1,114 million

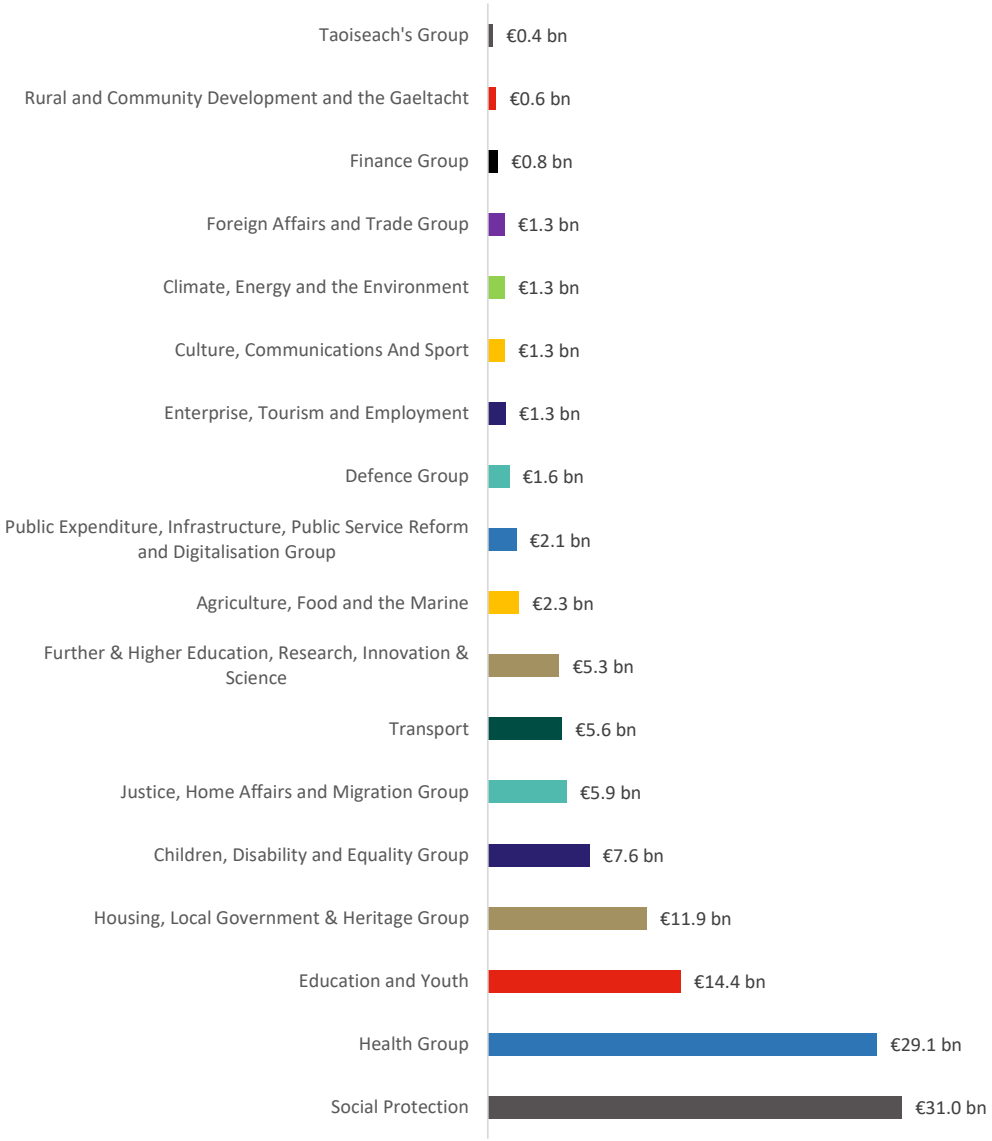
Continues to be the total allocation to programmes to support climate measures and ensure the most vulnerable are protected from unintended impacts of the tax.



Learn more about Carbon Tax funds at www.gov.ie/budget

Voted Expenditure 2027

This chart shows the amounts of money that will be available for different policy areas in 2027 (in € billions).



Key Expenditure Measures

A €10 increase in weekly social welfare payments will benefit 1.6 million people, including pensioners, jobseekers, carers and people with disabilities.

A new €500 Cost of Disability payment will support some 238,000 people in receipt of long-term disability payments, to be followed by a co-design process to develop a permanent payment from 2028.

Fuel Allowance will increase by €5 per week, helping more than 460,000 households.

Living Alone Allowance will increase by €3 per week, benefiting approximately 260,000 older people and others living alone.

Child support payments will increase by €6 per week for all eligible children.

Working Family Payment income thresholds will rise by €30 per week, helping almost 60,000 working families.

€3 billion will support social housing delivery in 2027, including funding for 11,250 new social homes.

Over €1 billion for the Starter Homes programme will help deliver 8,500 homes through affordability schemes with additional supports through the Help to Buy Initiative.

Funding will support 110,000 households to benefit from social housing supports and new supply.

Continued investment in homelessness services will help provide accommodation and supports for those most in need.

Maximum childcare fees will fall from €735 to €550 per month, saving families up to €2,220 a year.

More children with additional needs will benefit from enhanced Access and Inclusion Model supports in early learning settings.

Additional funding will strengthen foster care, residential care and family support services for vulnerable children.

Additional 1.8 million Home Support hours supporting older people to live independently and a further 191,000 hours for home support and personal assistance for disabled people.

33,000 additional hours of free counselling will improve access to community-based mental health services for men, young people and the LGBTQ+ community.

Expansion of the Free Contraception Scheme to age 37 will extend access to healthcare supports for more people.

A further 489 residential care packages will be provided along with 1,500 new day service places.

930 additional staff will strengthen disability services and improve access to supports for service users and their families.

2,339 additional Special Needs Assistants and 1,353 additional teachers will support children with special educational needs.

Additional funding for school transport will support approximately 180,000 children travelling to school each day.

€2 million has been allocated for an expansion of the DEIS Plus scheme.

There will be a permanent reduction to the student contribution fee of €150.

€150 million over three years will support workforce development, including AI and digital skills needed for future jobs.

1,420 additional higher education places in key health and social care professions.

A record €654.5 million will support home energy upgrades, helping households reduce energy bills and emissions.

Enhanced retrofit and solar panel supports will help more families improve the energy efficiency of their homes.

An additional €6 billion in resources from 2027 to 2030 will support the delivery of MetroLink, Ireland's largest public transport project.

Continued investment in public transport services will improve connectivity and provide better transport options for communities nationwide.

€208 million will support rural development.

€4 million in funding will be allocated to the League of Ireland football academies.

€34.4 million will provide a full year of income support for artists.

Additional funding for Domestic, Sexual and Gender Based Violence initiatives, including additional funding for CUAN.

€31 million for a new Fertiliser Scheme to be launched in 2026.

€3 million will enable Enterprise Ireland to establish Startup Ireland as a national entrepreneurship initiative.

An intake of 850 new Permanent Defence Force Members next year.

€855 million for International Cooperation to provide life-saving humanitarian assistance through the Irish Aid programme.

Key Tax Policy Measures

Increase in the entry point for higher rate of income tax by €2,500.

Increase in the main tax credits by €125 and increase in home carer credit by €100.

Increase in the ceiling for the second USC band by €1,600 from €28,700 to €30,300.

Legislative framework for the new Investment Account.

Decrease in rate of Investment Undertaking Tax and Life Assurance Exit Tax from 38% to 35%.

Capital Acquisitions Tax Thresholds to increase: Group A Threshold to increase by 5%, Group B Threshold to increase by 10% and Group C Threshold to increase by 10%.

Standard Rate of Capital Gains Tax to decrease by 2% from 33% to 31%.

Increase in the maximum level of Help to Buy relief by €5,000 to €35,000.

Rent-a-room relief to be extended to certain garden/auxiliary/modular dwellings installed after 27 July 2026 and threshold to be increased to €16,000.

Rent Tax credit is being increased by €150 to €1,150 for single claimant and by €300 to €2,300 for a couple.

Increase in tax relief available under the childcare services scheme from €15,000 to €20,000 and removing cap on number of children that can be minded

Accelerated Capital Allowance for Farm Safety Equipment extended by three years to end-2029.

Amendments are being made to the R&D tax credit which seek to enhance and simplify the regime, including increases to the subcontracting limits and to the first-year payment threshold.

Section 486C tax relief for start-up companies is being extended to 31 December 2030.

The Vehicle Registration Tax (VRT) relief for electric vehicles (EVs), which was due to end on 31 December 2026, is being extended for two years to end-2028.

Annual tax exemption for consumers who generate electricity at their own homes for their own consumption and sell the excess electricity to the grid is being increased from €400 to €600.

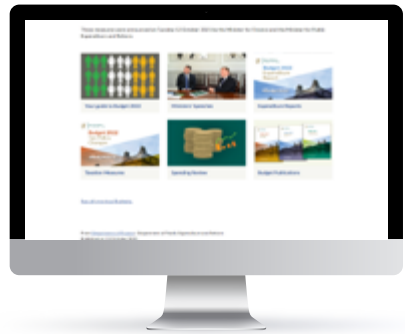
The Bank Levy is being extended by one further year so that it will apply in 2027.

A pack of 20 cigarettes will increase by €1, with a pro-rata increase on other tobacco products.

Where can I find out more?

Budget website

This guide provides an overview of the spending and taxation decisions that have been made in the budget. If you would like to read more detailed information and analysis, or even read the Ministers' Budget Day speeches to the Dáil, visit gov.ie/budget to find out more.



Where Your Money Goes

The **'Where Your Money Goes'** website is a simple and helpful tool that shows how the Irish Government collects and spends public money.

You can use it to see how much money the Government is spending, find out where that money comes from (like taxes or other sources) and explore what the money is being used for, such as healthcare, education, transport, and more. You can also look at how spending has changed over the years and zoom in to see specific details about where the money went.

www.whereyourmoneygoes.gov.ie.

Project Ireland 2040

Project Ireland 2040 is the Government's long-term overarching strategy to make Ireland a better place to live, now and in the future.
This plan includes two main parts:

- The **National Planning Framework** (how Ireland should grow and develop)
- The **National Development Plan** (how money will be spent to support that growth)

If you want to see how much money each department is getting in the most recent National Development Plan, learn how the Government is speeding up infrastructure delivery and find out what projects are planned in the coming years, visit gov.ie/2040.

Public Service Performance Reporting

It is important that the impact of policy decisions is recognised and measured beyond just how much money they cost. Performance budgeting recognises that public expenditure management does not exist in a vacuum.

The Performance Budgeting Framework includes several different elements, such as Green, Well-being, Equality and Sustainable Development Goal (SDG) budgeting. If you would like to find out more and read the Public Service Performance Reports, visit gov.ie/PerformanceBudgeting.

Rialtas na hÉireann
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Tithe an Rialtais, Sráid Mhuirfean Uacht,
Baile Átha Cliath 2, D02 R583, Éire
Government Buildings, Upper Merrion Street,
Dublin 2, D02 R583, Ireland

T: +353 1 676 7571 | @IRLDeptPER
www.gov.ie/per