



# WESTBORO PARTNERS

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## BUDGET 2026 HIGHLIGHTS

### Business Taxation

#### CORPORATION TAX

- There were no changes to Corporation Tax rates announced.
- The rate of the Research & Development (R&D) tax credit will be increased from 30% to 35%.
- To support smaller R&D projects the first payment threshold will increase from €75,000 to €87,500.
- An administrative simplification measure to allow 100% of an R&D employee's emoluments as qualifying costs where at least 95% of their time is spent on qualifying R&D activities is being introduced.
- The Film Tax Credit is being enhanced to provide a new 40% rate for productions with a minimum of €1,000,000 of eligible expenditure on relevant visual effects work up to a maximum of €10m per production.
- The Digital Games Tax Credit is being extended for six years to 31 December 2031.

#### CAPITAL GAINS TAX

- Revised Entrepreneur Relief is to be enhanced by increasing the lifetime limits on gains to which the relief applies from €1,000,000 to €1,500,000 for qualifying disposals made from 1 January 2026.
- The Key Employee Engagement Programme (KEEP) is being extended to 31 December 2028, subject to a Ministerial Order.

#### HOUSING SUPPORTS

- From 8<sup>th</sup> October the VAT rate applied to the construction of new apartments will be reduced from 13.5% to 9%. This reduction is to remain in place until 31 December 2030.
- A Corporation Tax exemption is being introduced in respect of profits associated with Cost Rental income.
- An enhanced Corporation Tax deduction is being introduced for qualifying apartment construction costs. This measure will allow an increase of 125% in qualifying cost, up to a maximum additional deduction of €50,000 per apartment unit, subject to satisfying qualifying criteria.
- The Living City Initiative Supports is being expanded and extended to 31 December 2030. The maximum amount of the relief available will be increased from €200,000 to €300,000. A new category of tax relief for the conversion of commercial properties to residential properties including utilization of over the shop premises for residential purposes are also included.
- The Residential Development Stamp Duty Refund Scheme is being extended to 31 December 2030 with a number of amendments to the scheme to be introduced.
- The Income Tax relief for Retrofitting Landlords is being extended to 31 December 2028 and the relief is being extended from 2 to 3 properties.
- A new Derelict Property Tax has been announced to replace the existing Derelict Site levy. It is expected that the rate of tax will not be lower than the current 7% rate.
- A further opportunity is being provided for landowners to make a submission for an exemption from Residential Zoned Land Tax (RZLT) in 2026 where the landowner is requesting a change in zoning of land to reflect the genuine economic activity being carried out.

#### MINIMUM WAGE INCREASE

From 1 January 2026 the national minimum wage will increase by €0.65 per hour to €14.15 per hour.

## PERSONAL TAX

#### INCOME TAX

- There were no changes to the Income Tax rates.
- The exemption limits, tax credits and standard rate bands applicable for the tax year 2026 are set out in detail under the Personal Tax Facts section.
- Any changes that have been made to the rates and bands for USC are set out in detail under the Personal Tax Facts section.

#### TAX CREDITS/ BANDS

- The Rental Tax Credit (RTC) is being extended by a further three years to 31 December 2028. The value for 2026 and subsequent years will be a maximum of €1,000 per single individual and €2,000 per jointly assessed couple.

#### BENEFIT IN KIND (BIK)

- The temporary universal reduction to the Original Market Value (OMV) of cars in categories A-D and to all vans, which reduced the amount of BIK payable, is being extended on a tapered basis to 31 December 2028. The relief will remain at €10,000 in 2026, reducing to €5,000 in 2027 and €2,500 for 2028.
- The lower limit in the highest mileage band is being reduced from 52,001 KM to 48,001 KM from 1 January 2026.
- A new A1 category introduces reduced BIK rates for electric vehicles, with rates of between 6-15% depending on business mileage.

#### MORTGAGE INTEREST RELIEF

- Mortgage Interest Relief is being extended, on a tapered basis, for a further two years to 31 December 2026. This applies to home owners with an outstanding balance on their primary dwelling house of between €80,000 and €500,000 as of 31 December 2022.
- The current relief will be available for qualifying homeowners in respect of increased interest paid on their mortgage in the calendar year 2025 as compared with the amount paid in 2022, at the standard rate of 20% income tax.
- The relief will be capped at €1,250 per property and can be claimed from 2026. A reduced level of relief will be available for the increase in interest paid in the tax year 2026 over 2022, with a maximum tax credit of €625 per property applicable and can be claimed from 2027.

#### TAXATION OF INVESTMENTS

- Finance Bill 2025 will introduce changes to the taxation rates on certain investments from 41% to 38%.

## Farmer's Tax

- The farmers flat rate VAT scheme is being reduced from 5.1% to 4.5% with effect from 1 January 2026.
- Accelerated capital allowances of 50% per annum for eligible farm slurry storage buildings and associated equipment is being extended to 31 December 2029.
- Finance Bill 2025 will provide for an extension of the current Capital Gains Tax Farm Restructuring Relief to 31 December 2029.
- 1% rate of Stamp Duty for Farm Consolidation Relief is being extended to 31 December 2029.
- The Stamp Duty exemption under Young Trained Farmer relief is also being extended to 31 December 2029, subject to certain conditions being met.

## VAT

- From 8<sup>th</sup> October the VAT rate applied to the construction of new apartments will be reduced from 13.5% to 9%. This reduction is to remain in place until 31 December 2030.
- The 9% VAT rate for electricity and gas has been extended until 31 December 2030.
- The VAT rate applied to businesses in Food and Catering and Hairdressing services is being reduced from 13.5% to 9% from 1 July 2026.

PERSONAL TAX FACTS									
TAX CREDITS FOR TAX YEAR 2026									
	2026	2025		2026	2025				
	€	€		€	€				
<b>Personal</b>									
Single	2,000	2,000	Fisher Tax Credit	1,270	1,270				
Married	4,000	4,000							
Widowed Person	2,540	2,540	<b>Incapacitated Child</b>	3,800	3,800				
Single Person Child Carer	1,900	1,900							
Home Carer Credit	1,950	1,950	<b>Dependant Relative</b>	305	305				
Earned Income Credit*	2,000	2,000	<b>Blind Person</b>						
<b>PAYE</b>	2,000	2,000	Single / Married	1,950	1,950				
			Married (both blind)	3,900	3,900				
<b>Widowed Parent Bereavement</b>			<b>Age Credit</b>						
Tax Credit year 1	3,600	3,600	Single / Widowed	245	245				
- Tapering to year 5	1,800	1,800	Married	490	490				
* No Earned Income Credit where an individual is entitled to a PAYE credit.									
INCOME TAX RATES					INCOME TAX EXEMPTION LIMITS				
Single Persons	Married Persons								
2026	2026				2026	2025			
	(Two Incomes)				€	€			
20% First €44,000	20% First €88,000**		Single or Widowed 65 years or over		18,000	18,000			
40% Balance	40% Balance								
LONE PARENT	(One income)		Married Couples 65 years or over		36,000	36,000			
20% First €48,000	20% First €53,000								
40% Balance	40% Balance								
** Transferable between spouses up to a maximum of €53,000 for any one spouse.									

UNIVERSAL SOCIAL CHARGE									
	2026			2025					
			Employees & Self-Employed						
			0.00% on total earnings <€13,000				0.00% on total earnings <€13,000		
			0.50% on €0 to €12,012				0.50% on €0 to €12,012		
			2.00% on €12,013 to €28,700				2.00% on €12,013 to €27,382		
			3.00% on €28,701 to €70,044				3.00% on €27,383 to €70,044		
			8.00% on €70,045 to €100,000				8.00% on €70,045 to €100,000		
			<b>PAYE income</b>				<b>8.00% on excess over €100,000</b>		
			8.00% on excess over €100,000				8.00% on excess over €100,000		
			<b>Self-Employed</b>				<b>11.00% on excess over €100,000</b>		
			11.00% on excess over €100,000				11.00% on excess over €100,000		
PRSI									
	2026			2025					
<b>Employer</b>				From 1 October 2025					
Contribution for Class A									
PRSI			10.25%				10.25%		
Training Levy			1.00%				1.00%		
<b>Total for Employer</b>			<b>11.25% on all income</b>				<b>11.25% on all income</b>		
			9% on earnings less than €527 p.w.				9% on earnings less than €527 p.w.		
<b>Employee</b>									
PRSI			* 4.20% on all income				* 4.20% on all income		
<b>Self-Employed / Directors Contributions</b>									
PRSI			** 4.20% on all income				** 4.20% on all income		

\* Not applicable if earnings less than €18,300p.a. (€352 p.w.)

\*\*4.20% subject to minimum payment of €650.

As this release is intended as a general guide to the subject matter, it should not be used as a basis for decisions. For this purpose advice should be obtained which takes into account all the clients circumstances. Every effort has been made to ensure the accuracy of the information in the release. In view of its purpose the reader will appreciate that we are unable to accept liability for any errors or omissions which may arise.

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