Rialtas na hÉireann
Government of Ireland

Draft Budgetary Plan 2025

October 2024

Prepared by the Department of Finance
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DRAFT BUDGETARY PLAN 2025

October 2024

Introduction

Regulation (EU) 473/2013 of the European Parliament and of the Council (part of the so-called 'two-pack') introduces a common budgetary timeline for euro area Member States. Specifically, Draft Budgetary Plans for the forthcoming year must be submitted to the European Commission and to the *Eurogroup* between the 1st and the 15th of October each year.

The document herein is the Irish Government's Draft Budgetary Plan for 2025 and is being submitted to the European Commission and *Eurogroup* in accordance with the Regulation.

This document has been laid before the Houses of the Oireachtas. It is broadly consistent with *Budget 2025*, which was presented to Dáil Éireann (the Irish Parliament) on the 1st of October 2024.

The format and content of the document are in line with the requirements of the *Code of Conduct* (the Code) which *inter alia* requires macroeconomic and budgetary forecasts for the current and forthcoming years (in this case 2024 and 2025).

The Code specifies the data to be included in the Draft Budgetary Plans of the Member States. While modified measures of economic activity (modified domestic demand, modified gross national income, etc.) have greater prominence in the Department's various publications, there is no provision for this in the Code. Instead, the Code requires standard metrics such as gross domestic product, headline investment, etc. Accordingly, this document focuses on these headline metrics which, in an Irish context, should be interpreted with caution given the internationalisation of the economy.[1]

Figures for pre-budget macroeconomic forecasts for this year and next were endorsed by the *Irish Fiscal Advisory Council*, as required under article 4(4) of the Regulation.

The analysis and forecasts contained in this document are based on data to end-September. Minor updates to the economic forecasts, vis-à-vis those in the *Economic and Fiscal Outlook*, are incorporated to reflect *inter alia* the cost-of-living package announced in *Budget 2025*.

All data presented herein are compiled on the European System of Accounts (ESA) 2010 statistical basis. Rounding can affect totals in all tables in this document.

[1] See, for instance, Department of Finance's explanatory note *GDP and 'Modified GNI'*, (2018), available at: https://www.gov.ie/en/publication/6a7788-gdp-and-modified-gni-explanatory-note/

Contents

		page
	Introduction	**i**
1	**Summary**	**1**
2	**Economic developments and outlook**	**2**
2.1	Summary	2
2.2	External environment	2
2.3	Irish economic developments in 2024	3
2.4	Irish economic outlook for 2025	4
2.5	Price developments	6
2.6	Labour market	6
3	**Budgetary developments and outlook**	**8**
3.1	Budget balance	8
3.2	Long-term savings fund	9
3.3	Public debt	10
3.4	Additional fiscal data	10
4	**Comparison with April 2024 Stability Programme**	**13**
5	**Distributional impact of the main budgetary measures**	**14**
5.1	Introduction	14
5.2	Approach and results	14
6	**Compliance with Country Specific Recommendations**	**16**

Tables

Table 1	External assumptions	3
Table 2	Macroeconomic prospects	5
Table 3	Price developments	6
Table 4	Labour market developments	7
Table 5	General government revenue and expenditure	8
Table 6	Structural budget balance	9
Table 7	General government debt developments	10
Table 8	Contingent liabilities	10
Table 9	General government balance	13
Table 10	General government debt	13
Table 11	Country specific recommendations and actions taken	17
Table A1	Discretionary revenue measures taken by general government	24
Table A2	General Government Balance on a no change policy basis	25
Table A3	Amounts to be excluded for the expenditure benchmark	25
Table A4	Taxation measures for introduction in 2025	26

Figures

Figure 1	Quarterly projections for consumer spending and employment	5
Figure 2	Budget 2025 – total package	11
Figure 3	Change in weekly household disposable income: one-off CoL package	14
Figure 4	Change in weekly household disposable income: *Budget 2025*	15

Annexes

Annex 1	Interaction with the Irish Fiscal Advisory Council	23
Annex 2	Discretionary revenue measures taken by general government	24
Annex 3	Additional fiscal data	25
Annex 4	Detailed taxation measures in *Budget 2025*	26

Section 1
Summary

Ireland's *Draft Budgetary Plan* is based on GDP contracting by 0.2 per cent this year, followed by an expansion of 3.9 per cent next year. These projections take account of the macroeconomic impact of policy measures introduced in *Budget 2025*, presented to the Irish Parliament on 1st October 2024.

The macroeconomic forecasts upon which the Budget is based were endorsed by the *Irish Fiscal Advisory Council* on 23rd September 2024.

A general government surplus of 4.5 per cent of GDP is projected this year; this figure includes the one-off transfer to the general government sector arising from the Court of Justice of the European Union ruling of 10th September 2024, all of which is accrued to this year. Excluding this windfall, the surplus for this year is estimated at 1.8 per cent of GDP this year. For next year, the general government surplus is forecast at 1.7 per cent of GDP.

The debt-to-GDP ratio is forecast at 41.4 per cent of GDP at the end of this year. The ratio is projected to fall to 37.9 per cent of GDP next year, partly reflecting the impact of strong nominal GDP growth.

Section 2
Economic Developments and Outlook

2.1 Summary

The data-flow in the first half of the year suggests that the domestic economy continues to perform strongly. This has yielded positive dividends in the labour market, where the employment rate – the number of people employed as a share of the working age population – is at its highest ever. The unemployment rate continues to hover around 4½ per cent, broadly consistent with 'full employment'.

Dis-inflation has been more rapid than initially assumed. The moderation is primarily due to a decline in the external sources of inflation: energy prices have fallen backwards to pre-war levels while the re-normalisation of global supply chains has had a favourable impact on non-energy goods prices. Working in the other direction, in general services sector inflation remains well in excess of historical norms, largely reflecting the strength of domestic demand.

The easing of headline inflation has underpinned real wage growth with the improvement in purchasing power supporting increases in consumer spending; this is projected to continue in the final quarter and into next year. Business investment has been affected by a number of one-off developments, making it difficult to extract the signal from the noise; on balance, however, it would appear that elevated levels of uncertainty – mainly related to the global backdrop – will weigh on business spending in the near-term. A decline in the cost of finance – as currently priced by money markets – will offer some countervailing forces.

The near-term outlook in many of Ireland's key export markets remains relatively subdued. That said, the post-pandemic correction in some important exporting sectors appears to be complete and momentum in services exports continues so that, in overall terms, underlying exports should remain on a positive trajectory.

Overall, GDP is expected to contract by 0.2 per cent this year; this is based on the assumption of an increase in activity in the second half of the year as the negative base effects evident in the first half of the year are assumed to 'wash out', and net exports continue to grow strongly.

2.2 External Environment

Incoming data suggest that rates of headline inflation across advanced economies are now approaching central bank targets. Most of the main central banks have, accordingly, begun to pivot from the exceptionally tight monetary conditions that have characterised the recent past.

In terms of the 'real' economy, the data-flow for the first half of the year present a mixed picture for Ireland's trading partners. Consumer spending continued to drive economic activity in the US, while business investment also played an important role. The euro area and UK economies, however, continue to lag. Within the euro area, there has been some notable variation across euro area economies.

Looking ahead, GDP projections for Ireland's main export markets are set out below (**table 1**). Baseline projections envisage a gradual easing of demand in the US, resulting in a closer alignment with supply. On this side of the Atlantic, the easing of inflation should support a consumer-led rebound in both the euro area and UK economies; in both cases, growth in demand is assumed to be gradual, with downside risks dominating.

Wholesale gas prices have increased since the spring and are now expected to average $0.8 per therm for this year. The futures curve is pricing in gas prices of around £1 per therm and £0.9 per therm in 2025 and 2026, respectively. In contrast, oil prices (Brent crude) are largely unchanged from those in the spring: an average price of just over $80 dollars per barrel is priced-in for this year, falling to under $75 per barrel next year.

Holding key bilateral exchange rates at their mid-September levels – the cut-off date for calibrating the forecasts in this document – implies a euro-dollar rate of €1 = $1.11 for next year (a 2 per cent euro appreciation). The same approach implies a euro-sterling bilateral rate of €1 = stg£0.84 for next year (a 1 per cent euro depreciation).

Table 1: External assumptions

	2023	2024	2025
External GDP growth		*per cent change*	
United States	2.5	2.6	1.6
Euro area	0.5	0.7	1.3
United Kingdom	0.1	1.1	1.2
Technical assumptions		*as stated*	
Euro-sterling exchange rate (€1=)	0.87	0.85	0.84
Euro-dollar exchange rate (€1=)	1.08	1.09	1.11
Brent crude (dollars per barrel)	82.1	80.6	74.0
Natural gas prices (stg£ per therm)	1.0	0.8	1.0

Note: Oil and prices (futures) are calculated on the basis of futures markets as of mid-September 2024.
Exchange rate outturns as of mid-September 2024 and unchanged thereafter.
Source: External growth forecasts from OECD Interim Economic Outlook for 2024-2025.

2.3 Irish economic developments in 2024

Irish exports rebounded strongly in the first half of this year, following the post-pandemic correction during 2023. While the headline figure was inflated in the second quarter (by the one-off export of intellectual property assets), the underlying dynamic was solid, with strong foreign sales of pharmaceuticals, semiconductors and, in particular, computer services.[2]

This pattern is expected to continue in the second half of the year, and means that overall export growth will, once again, exceed growth in Ireland's main export markets, i.e. in aggregate terms, Ireland will continue to gain market share. Exports associated with 'contract manufacturing' are difficult to predict with any degree of accuracy and, accordingly, a purely technical assumption is made that there is no significant contribution from this source over the remainder of the year. Putting all these factors together, exports are projected to grow by 8½ per cent this year (by around 6 per cent on an underlying basis, i.e. after excluding intellectual property exports).

[2] Headline exports and investment have been significantly impacted by firm specific factors in the multinational sector, specifically related to corporate restructuring. This has led to a significant outflow of intellectual property assets, i.e. the IP has been relocated outside of Ireland. This outflow is recorded as both a service export and as dis-investment in the national accounts (as it is no longer included in the Irish capital stock).

Having stagnated at the start of the year, consumer spending picked up in the second quarter and this momentum is expected to continue in the second half of the year. In particular, the easing of inflation will support real wage growth, while cost-of-living related transfers from the government sector to the household sector – as part of *Budget 2025* – will further underpin household incomes, and hence spending, in the final quarter of the year. Against this backdrop, consumer spending is projected to increase by 3.2 per cent this year.

Spending on goods and services by the government sector is projected to increase by 3 per cent in real terms this year, driven by *inter alia* the expansion of service provision in key policy areas.

Business spending has been volatile in the first half of the year due, in part, to highly concentrated machinery and equipment investment in the multinational sector, which is assumed to make a negative contribution in the second half of the year.

On the building and construction side, investment within the commercial real estate sector has been weak since the pandemic, with the structural shift in working arrangements (increased work-from-home) reducing demand for office space. In addition, the rising cost of capital has acted as an additional headwind over the past year or so. As a result, investment within the sector is set to contract further this year. On the residential side, activity is expected to accelerate in the second half of the year.

A mild contraction of -0.2 per cent in GDP is expected for this year, as the weakness in value added owing to large base effects relating to both contract manufacturing and stocks 'washes out' in the second half of the year.

2.4 Irish economic outlook for 2025

The strong momentum from the second half of 2024 is expected to carry forward into next year. The temporary nature of the Government's cost-of-living package means that the stimulatory effects on consumer spending will unwind as the year progresses. The underlying pace of consumer spending will, however, remain solid, underpinned by a resilient labour market and the relative strength (in aggregate) of household balance sheets. Consumer spending is therefore projected to increase by 3.4 per cent next year.

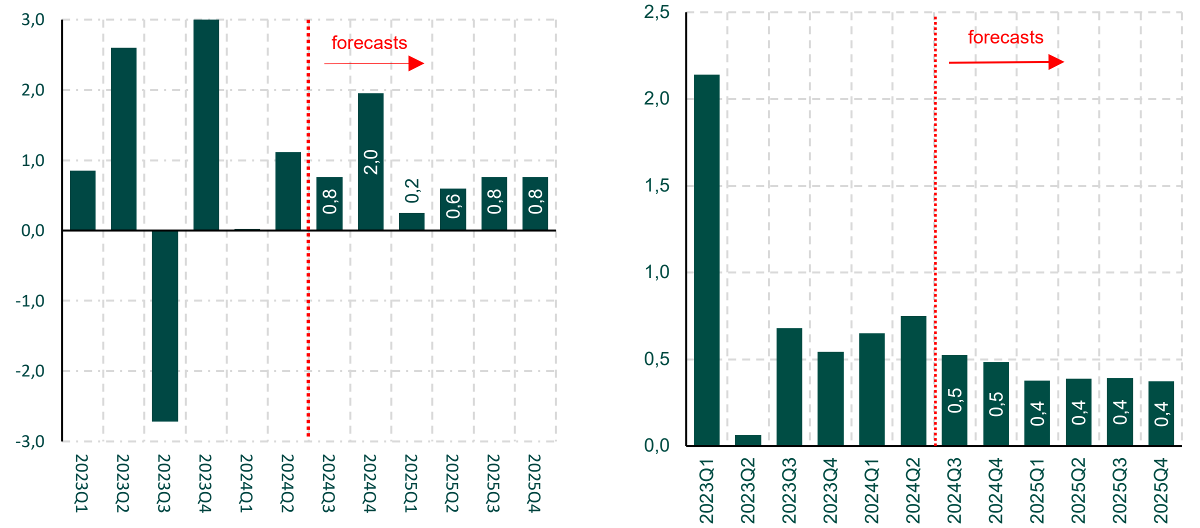
The need to continue to enhance public service provision in key sectors and to meet demographic pressures will see public consumption growing at 2.4 per cent next year.

On the investment side, the projections assume a negative contribution from machinery and equipment investment next year on the basis of a significant unwinding of activity in parts of the multinational sector. Given the strong pipeline of commencements over the past year, dwelling completions are expected to pick up strongly next year and this momentum is expected to be maintained over the medium-term. The Government's commitment, under the *National Development Plan*, to increase capital investment will also support an expansion in building and construction activity next year. In contrast, investment within the commercial real estate sector is projected to remain subdued.

Figure 1: Quarterly projections for consumer spending and employment

A: consumer spending, quarter-on-quarter growth rate

B: employment, quarter-on-quarter growth rate



Source: CSO, Department of Finance

Source: CSO, Department of Finance

Meanwhile underlying exports (i.e. excluding exports of intellectual property) are projected to increase by around 4½ per cent next year. This forecast is calibrated on the assumption that 'base effects' – associated with the post-Covid correction and with 'contract manufacturing' – will fade.

Table 2: Macroeconomic prospects

	2023	2024	2025
Economic activity		***year-on-year per cent change***	
real GDP	-5.5	-0.2	3.9
nominal GDP	-2.1	3.0	6.1
components of GDP		***year-on-year per cent change***	
personal consumption	4.8	3.2	3.4
government consumption	4.3	3.0	2.4
Investment	2.8	-21.8	23.2
stock changes^	1.3	-1.2	0.0
Exports	-5.8	8.5	1.9
Imports	1.2	6.4	3.9
contributions to real GDP growth		***annual percentage point contribution***	
domestic demand (exc. stocks)	2.2	-3.8	5.5
net exports	-9.1	4.9	-1.5
stock changes	1.3	-1.2	0.0
statistical discrepancy	0.1	0.0	0.0

Rounding can affect totals.
^ Contribution to GDP growth.
Source: 2023 - CSO; 2024 - 2025 Department of Finance.

Taken together, GDP growth of 3.9 per cent is projected for 2025, driven by strong growth in underlying net exports and domestic demand.

2.5 Price Developments

The decline in wholesale energy prices has triggered a rapid fall in headline inflation, in Ireland and elsewhere. The price of goods imported from abroad have also fallen throughout this year, as global supply chains have re-normalised following disruption during (and after) the pandemic. Second-round effects appear to have been fairly contained, as evident from the moderation in 'core' inflation (the headline figure excluding energy and unprocessed food prices).

While external inflationary pressures have subsided, pockets of inflationary pressures remain, notably in the domestic sectors of the economy. Core services inflation (services inflation excluding rents) remains elevated, with a rate of inflation at or in excess of 4 per cent for 12 of the last 15 months (although there was a notable easing in September). This is indicative of ongoing capacity constraints against the backdrop of relatively strong domestic demand.

Table 3: Price developments, per cent change

	2023	2024	2025
GDP deflator	3.6	3.2	2.1
Personal consumption deflator^	8.1	4.0	2.5
Harmonised index of consumer prices (HICP)	5.2	1.7	1.9
Core HICP inflation^^	5.1	2.7	2.3
Export price deflator (goods and services)	2.7	1.8	1.4
Import price deflator (goods and services)	3.5	1.6	1.4
Terms-of-trade (good and services)	-0.8	0.2	0.0

^ The personal consumption deflator and the HICP both measure the change in the average price of a fixed basket of goods and services, but differ in terms of the goods and services covered and the weights assigned to each item.
^^ 'Core' inflation excludes energy and unprocessed food.
Source: 2023 - CSO; 2024 to 2025 - Department of Finance.

Taken together, headline and core inflation (excluding energy and unprocessed food) are expected to average 1.7 per cent and 2.7 per cent, respectively, this year. This projection is calibrated on the assumption of a pick-up in headline inflation in the final quarter of the year, due to energy 'base effects'. Looking ahead, the path of domestically-generated price pressures will be key: the strength of domestic demand relative to supply means that core services sector inflation is likely to remain relatively elevated. Overall, therefore, core inflation is projected at 2.3 per cent for next year; taking into account expected energy price dynamics, this would result in headline inflation of 1.9 per cent.

2.6 Labour Market

Solid output growth continued to yield positive dividends in the labour market, with strong employment growth recorded in the first half of 2024. The latest data show 2.75 million people now at work, with almost three-quarters of the working age population now in employment, an all-time high. Almost all of the employment gains arose from increases in labour supply, primarily net inward migration and increases in labour force participation. Female participation, in particular, has never been higher.

Higher frequency data over the summer confirm the labour market remains in good shape, though the gap between labour demand and supply may be narrowing somewhat. Looking ahead, employment growth of 2.4 and 1.8 per cent is projected for this year and next, respectively; to put it another way, almost 110,000 jobs are assumed to be added in the two-year period to end-2025. The unemployment rate is expected to remain low by historical standards and average 4½ per cent over the forecast horizon, broadly consistent with full employment.

Given continued tight labour market conditions, per-capita wage growth of 4.9 per cent is projected for this year; this would be well in excess of the expected rate of inflation and, as a result, consistent with real wage gains. For next year, per-capita wage growth of 4.2 per cent is in prospect.

Table 4: Labour market developments, per cent change (unless stated)

	2023	2024	2025
Employment	3.4	2.4	1.8
Unemployment rate (per cent)	4.3	4.4	4.5
Labour productivity^	-8.7	-2.5	2.0
Compensation of employees^^	10.9	7.7	6.4
Wages per head	6.9	4.9	4.2

^ GDP per person employed.
^^ Non-agricultural sector.
Source: 2023 = CSO: 2024-2025 = Department of Finance.

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Section 3
Budgetary developments and outlook

3.1 Budget balance

Total revenue is projected at 28.4 per cent of GDP this year, reflecting inter alia the strength of current taxes on income and wealth (income and corporate tax revenues). Total expenditure as a share of GDP is projected at 23.9 per cent, an increase compared to last year. Accordingly, a general government surplus of 4.5 per cent of GDP (**table 5**) is anticipated for this year, an increase of 2.9 percentage points relative to last year.

Table 5: General government revenue and expenditure, per cent GDP

	ESA Code	2023	2024	2025
Total revenue	**TR**	**24.3**	**28.4**	**25.3**
of which:				
Taxes on production and imports	D.2	6.5	6.6	6.6
Current taxes on income, wealth, etc.	D.5	11.7	12.9	12.4
Capital taxes	D.91	0.1	0.1	0.1
Social contributions	D.61	4.2	4.3	4.6
Property income	D.4	0.4	0.4	0.4
Other		1.3	4.0	1.3
p.m.: Tax burden^		22.8	24.2	23.9
Total expenditure	**TE**	**22.6**	**23.9**	**23.6**
of which:				
Compensation of employees	D.1	6.1	6.6	6.5
Intermediate consumption	P.2	3.7	3.7	3.5
Social payments	D.62, D.632	7.8	8.4	8.0
Interest expenditure	D.41	0.7	0.6	0.6
Subsidies	D.3	0.5	0.5	0.4
Gross fixed capital formation	P.51g	2.3	2.5	2.9
Capital transfers	D.9	0.4	0.5	0.5
Other		1.1	1.1	1.0
General government balance	**S.13 = TR-TE**	**1.6**	**4.5**	**1.7**
of which:				
: central government	S.1311	1.8	4.8	2.2
: local government	S.1313	-0.2	-0.3	-0.4
: social security funds	S.1314	-	-	-
memo				
primary balance		2.3	5.1	2.4

^ Formally, the tax burden is defined as D.2+D.5+D.61+D.91-D.995.
The 2023 general government outturn are still being revised by the CSO (i.e. balance and debt). Outturn data will be published in mid-October. Therefore, figures for 2023 are CSO's figure at SPU 2024.
Source: CSO 2023; Department of Finance forecasts for 2024 – 2025.

For next year, total revenue as a share of GDP is projected at 25.3 per cent, a figure which takes account of the tax policy changes (**table A4**) outlined in *Budget 2025.* After taking account of policy measures, total expenditure is projected at 23.6 per cent of GDP for next year. As a result, a general government surplus of 1.7 per cent of GDP is forecast for next year.

Taking account of estimated windfalls corporate tax receipts on the general government basis, as well as the position in the cycle (the 'output gap'), a structural deficit of 2.6 per cent is estimated for next year when the Department of Finance's preferred methodology is used (**table 6**).

Table 6: Structural budget balance, per cent GDP (unless stated)

	2023	2024	2025
Potential output, per cent change^	4.3	3.1	3.2
Output gap	0.7	-2.5	-1.9
Output gap (preferred methodology)^	1.7	2.3	1.7
Cyclical budgetary component	0.4	-1.3	-1.0
Cyclically-adjusted balance	1.3	5.8	2.7
Cyclically-adjusted primary balance	2.0	6.4	3.3
Structural balance	1.3	3.1	2.7
Structural balance (preferred methodology)^	-1.9	-3.2	-2.6

^ Based on the Department of Finance's preferred methodology for estimating the output gap, excludes all windfall corporation tax receipts and scaled by GNI*.
Source: CSO, Department of Finance

3.2 Long-term savings funds

Recognising the risks of relying on potentially transitory windfall corporate tax receipts, *Budget 2024* announced two new long-term savings funds – the *Future Ireland Fund* (FIF) and the *Infrastructure, Climate and Nature Fund* (ICNF). While the FIF will be used to deal with future recognised structural challenges including ageing, climate and digitalisation, the ICNF is intended to operate in a counter cyclical manner to support State expenditure in the event of an economic or fiscal downturn and to assist in delivering Ireland's climate and nature goals.

Both funds are to be capitalised by annual transfers from the Exchequer – 0.8 per cent of GDP per annum (from 2024 onwards) in the case of the FIF, and €2 billion per annum (from 2025 onwards) in the case of the ICNF. Moreover, in 2024, €4.3 billion has been transferred to the FIF from the National Reserve Fund.[3]

Each year, the Minister for Finance is required to assess the economic and fiscal position of the State, and the appropriateness of proceeding with transfers from the Exchequer to the funds.[4] Considering the continued strong position of the domestic economy, *Budget 2025* announced that 0.8 per cent of GDP will be transferred to the FIF and €2 billion to the ICNF in 2025.

[3] The National Reserve Fund, was established in 2018 to mitigate against severe economic shocks, in excess of the normal fluctuations of the economic cycle. In line with this objective, €1.5 billion was drawn down from the Fund for use in the government's Covid-19 pandemic response. The balance of the NRF was transferred to both funds in 2024, €2 billion to the ICNF, and €4.3 billion to the FIF and will be subsequently dissolved.
[4] Section 26(1)

3.3 Public debt

The level of public indebtedness fell to 43.3 per cent of GDP at the end of last year (**table 7**). A reduction in the ratio is in prospect for this year and next, driven by the improvement in the fiscal position and the assumed strong nominal GDP growth. At the end of next year, the debt-GDP ratio is projected at 37.9 per cent. Net public indebtedness – which takes account of accumulated cash and other assets – is much lower at 31.7 per cent of GDP at the end of this year, falling to just under 28 percent at the end of next year.

Table 7: General government debt developments, per cent of GDP

	2023	2024	2025
Gross debt	43.3	41.4	37.9
Change in gross debt	-1.1	-1.9	-3.5
Contributions to change in gross debt ratio			
Primary balance	-2.3	-5.1	-2.4
Snowball effect			
: interest payments	0.7	0.6	0.6
: real GDP growth	-5.5	-0.2	3.9
: GDP deflator	3.6	3.2	2.1
Stock-flow adjustment	0.8	3.8	0.7
memo:			
Effective interest rate	1.6	1.4	1.6

Source: CSO, Department of Finance.

Contingent liabilities of general government have fallen significantly in recent years and were just 0.1 per cent of GDP in 2023 (**table 8**).

Table 8: Contingent liabilities, per cent of GDP

	2021	2022	2023
Public guarantees	0.1	0.1	0.1
of which: linked to the financial sector	*0.0*	*0.0*	*0.0*

Source: CSO

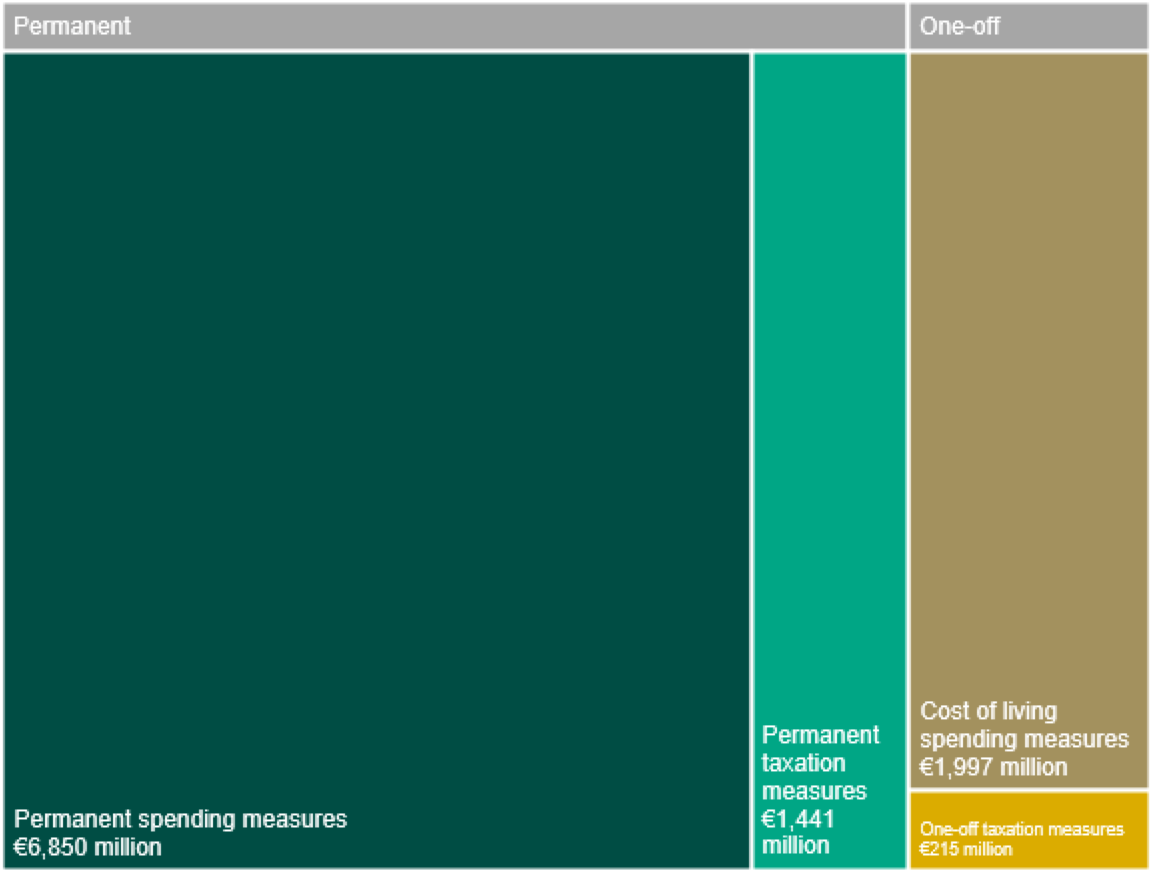
3.4 Additional fiscal data

3.4.1 Fiscal support to cushion cost-of-living challenge

A key pillar of *Budget 2025* was to protect the most vulnerable in society, through the provision of continued assistance to households and firms (**figure 2**). As well as permanent adjustments, government has made available temporary supports amounting to €2.2 billion in tax and expenditure measures (0.4 per cent of GDP); the bulk of these take effect in the final quarter of this year and first quarter of next year. Decile-by-decile analysis shows that both the permanent and temporary budgetary supports are progressive in nature.

Figure 2: Budget 2025 – total package

Composition of Budgetary Package – Temporary and Permanent Measures



Sources: Department of Finance; Department of Public Expenditure, NDP Delivery and Reform

3.4.2 Arrivals from Ukraine and International Protection Accommodation Services

The provision of humanitarian supports to refugees from Ukraine has been a key priority for Government since the invasion in 2022. A wide range of supports have been put in place, including the provision of accommodation, social protection, health and education supports.

Since the invasion, c.111,000 people have arrived in Ireland from Ukraine under the EU's Temporary Protection Directive.[5] Those eligible for temporary protection have immediate access to the labour market, social welfare, accommodation and other State supports.

Funding has been provided to relevant Departments in 2025 with cost projections based on a number of high-level assumptions regarding both the number of people requiring support and the unit cost of providing the range of supports. These reflect a decrease in the number of Ukrainians entering the country in 2024 as well as a decrease in the numbers of Ukrainians availing of publicly provided serviced accommodation. This downward pressure is expected to continue into 2025.

During 2024, an elevated number of people sought International Protection in Ireland from other parts of the globe. The large volume of applicants placed additional pressure on the system with a large increase in funding in 2025 driven by demand and increased accommodation costs.

[5] Source: United Nations High Commission for Refugees.

3.4.3 Public investment for the green and digital transitions, and for energy security

In terms of prioritising green and digital investments, €8 billion is being allocated for residential retrofit as part of the NDP to bring 500,000 homes to B2 BER ratings by 2030 (i.e. more energy efficient); and the National Broadband Plan will connect 544,000 premises to high-speed broadband in the coming years with funding of €400m provided in 2025 alone. This funding will be complemented with funding with other sources, such as the Infrastructure, Climate and Nature Fund (ICNF) established this year to invest in the transition to climate neutrality and in nature restoration. Up to €3.15 billion in the ICNF is being set aside for the multi-annual funding of designated environmental projects over the period 2026 to 2030 to support the transition to a low carbon economy and improved environmental outcomes.

Government has also set an objective of achieving 5GW of installed offshore wind by 2030 to contribute to the wider target of achieving 80 per cent renewable electricity by the end of this decade; with an additional 2GW to be in development for the production of green hydrogen. The 5GW target will be procured through the RESS, the first dedicated offshore wind auction of which, ORESS 1, completed in June 2023 having procured 3.1GW. In order to accelerate deployment further, and optimise societal benefit, all future offshore wind deployment will be plan-led, and located within Designated Maritime Area Plans (DMAPs) The first DMAP is under development on the South Coast of Ireland, with further DMAPs planned on the East and West Coasts. The Draft South Coast DMAP was approved by the Oireachtas in October 2024, which will facilitate the start of Ireland's second offshore wind auction, known as ORESS Tonn Nua, to commence early next year. A wider Offshore Renewable Energy business case is being developed in recognition of the extensive investment and Government resourcing required to accelerate progress towards a leading offshore wind industry in 2030 and out to Ireland's long-term targets.

The Department of the Environment, Climate and Communications (DECC), administer the Renewable Electricity Support Scheme (RESS), which is a competitive auction-based scheme to deliver utility scale renewable electricity generation projects, including onshore wind, through a two-way contract for difference. An important instrument in supporting renewable electricity development through the RESS, and its predecessor scheme REFIT (a one-way contract for difference), is the Public Service Obligation (PSO). The PSO guarantees an agreed price per MW/h of electricity produced by renewable electricity generators under the two schemes and is funded through a levy on the final electricity customers (when the wholesale price is lower than the agreed RESS/REFIT price) or through payments by suppliers when the wholesale price is higher than the RESS price.

Furthermore, on 1 October, the Minister for Finance announced that he would be providing €750 million to facilitate an initial, direct equity injection to support capital spending on the further development of Ireland's electricity grid infrastructure. The upgrading of this key element of Ireland's national infrastructure will help ensure the economy is ready for the next phase of its development.

Providing a secure, sustainable source of energy, will encourage further industrial investment, facilitate the progression of the digital economy, enable decarbonisation and enhance our competitiveness. The upgrading of the national electricity grid will require capital investment in both the on and off-shore grid.

Section 4
Comparison with April 2024 Stability Programme

The projection for the general government balance (**table 9**) and general government debt (**table 10**) in this *Draft Budgetary Plan* (the Department's autumn forecasts) with that at the time of the April 2024 Update of Ireland's Stability Programme (the Department's spring forecasts) is set out below.

Table 9: General government balance, per cent GDP

	2023	2024	2025
GG Balance – April Stability Programme	1.6	1.6	1.7
GG Balance – Draft Budgetary Plan	1.6	4.5	1.7
Difference (pp)	0.0	2.9	0.0

Source: CSO 2023; Department of Finance forecasts for 2024 – 2025.

Table 10: General government debt, per cent GDP

	2023	2024	2025
GG Debt – April Stability Programme	43.3	42.5	40.6
GG Debt – Draft Budgetary Plan	43.3	41.4	37.9
Difference (pp)	0.0	-1.1	-2.7

Source: CSO 2023; Department of Finance forecasts for 2024 – 2025.

Section 5
Distributional impact of the main budgetary measures

5.1 Introduction

Article 6(3) of Regulation 473/2013 requires Member States, where possible, to provide information (either qualitative or quantitative) on the distributional effects of budgetary measures. Material on the distributional and other effects of *Budget 2025* measures is presented alongside the Budget and summarised below.[6,7]

The Department of Finance, Department of Public Expenditure, NDP Delivery and Reform, and the Department of Social Protection conduct distributional analysis of proposed tax and welfare measures in line with the Government's commitment to undertake a social impact assessment of the Budget.

5.2 Approach and results

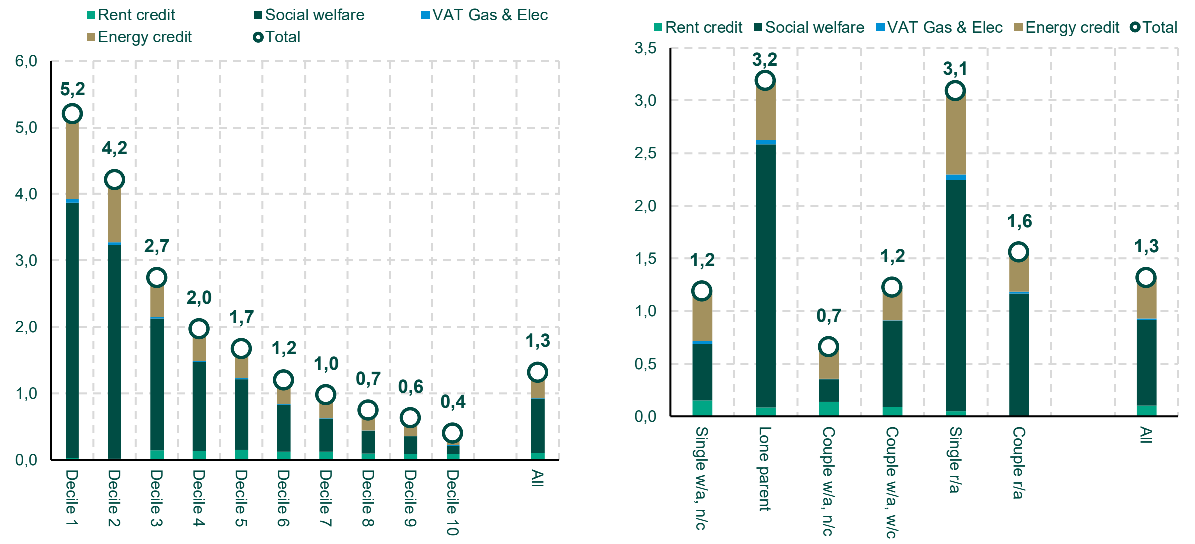
In addition to the regular policy measures undertaken as part of the budgetary cycle, *Budget 2025* includes a one-off Cost of Living (CoL) package. The impact of this package is shown separately to the impact of the permanent *Budget 2025* measures. Overall, the distributional impact of *Budget 2025* is progressive, with lower income deciles experiencing the largest gains.

In net terms, the one-off CoL package boosts net disposable income across the entire income distribution, with an average gain of 1.3 per cent (**figure 3A**). The CoL package is highly progressive, with the largest gains occurring in the bottom two income groups at 5.2 per cent and 4.2 per cent, respectively. This is driven by the social welfare measures and the energy credits.

Figure 3: Change in weekly household disposable income due to the one-off CoL package

A: by income decile, per cent of disposable income

B: by household type, per cent of disposable income



Note: w/a = working age; n/c = no children; w/c = with children; r/a = retirement age.

Source: Department of Finance calculations

Source: Department of Finance calculations

[6] See *Budget 2025: Beyond GDP - Quality of Life Assessment,* Department of Finance, available at: https://www.gov.ie/en/publication/18bf4-budget-2025-beyond-gdp-quality-of-life-assessment/

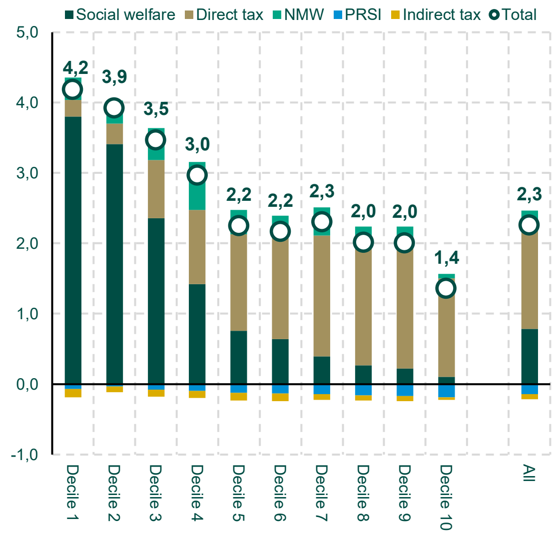
[7] A chart pack with data from the *Budget 2025: Beyond GDP* publication has also been published, available at: https://www.gov.ie/en/publication/d1350-budget-2025-beyond-gdp-chart-pack/

Lone parents and single retirement age households experience the highest gains at 3.2 per cent and 3.1 per cent, respectively (**figure 3B**).

Focusing on the permanent Budget package, all households experience a boost in their net disposable income, with an average gain of 2.3 per cent (**figure 4A**). The *Budget 2025* package is progressive, with the lowest two income groups faring the best, with gains of 4.2 per cent and 3.9 per cent, respectively.

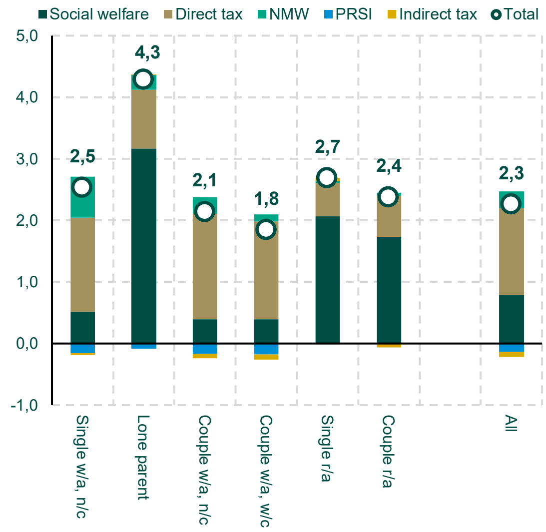
Figure 4: Change in weekly household disposable income due to *Budget 2025* measures

A: income decile, per cent disposable income



Note: NMW = national minimum wage
Source: Department of Finance calculations

B: household type, per cent disposable income



Note: w/a = working age; n/c = no children; w/c = with children; r/a = retirement age. NMW = national minimum wage
Source: Department of Finance calculations

Lone parents benefit the most (4.3 per cent), followed by single retirement age households (2.7 per cent) and then single working-age people without children (2½ per cent) and couples with at least one retirement aged person (2.4 per cent) (**figure 4B**). In addition, the welfare measures funded from ring-fenced carbon tax revenues offset the regressive impact of the carbon tax rise, particularly for the first three income cohorts.

The analysis of the NMW, direct tax and welfare measures, using the ESRI's SWITCH model, shows a reduction in the overall at-risk-of-poverty rate, with large declines for older people and the population affected by disability. There is also a marginal decline in income inequality. From a gender perspective, women benefit slightly more than men, while households with disabilities experience larger gains in their net disposable income. A progressive pattern is also discernible here, with lower income disability households gaining more than higher income disability households.

Finally, it is important to note that the distributional analysis is undertaken on a nominal basis, so does not include the effects of estimated inflation in 2025. It also does not include the impact of wage rises which would help to partly offset the impact of price rises, particularly in the middle and upper income deciles. The analysis captures the impact of changes to the tax and welfare system, so the significant changes to wider public expenditure and the existing level of public service provision are not considered. Finally, the analysis is on a static 'overnight' basis, so does not account for any behavioural response.

Section 6
Compliance with country specific recommendations

On 19 June 2024, the European Council adopted the 2024 Country Specific Recommendations (CSRs) for Ireland.[8] The measures that Ireland has taken to address the CSRs, are summarised below (**table 11**), with a focus on measures included in Budget 2025.

[8] https://commission.europa.eu/document/download/0b937573-bf5a-4b4c-8160-aa88f472527a_en?filename=com_2024_607_1_en.pdf

Table 11: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2025***
CSR 1.	
Submit the medium-term fiscal-structural plan in a timely manner.	Ireland's first MTP was submitted (and published) on October 15th in line with the agreed timetable.
Address the expected increase in age-related expenditure by making the healthcare system more cost-effective.	**Healthy Age Friendly Homes Programme** > The 'Healthy Age Friendly Homes' Programme was launched as a pilot scheme in 2021 as a support coordination service seeking to improve the health and wellbeing of older adults and to enable them to remain in their own homes and communities for as long as possible. > An evaluation of the pilot, conducted by Maynooth University, found improvements in measurements of older people's self-reported health status, quality of life, loneliness, social supports, self-efficacy, and functional ability and the programme is estimated to save the State €41.5 million savings *per annum* by delaying admission to residential care. > The programme successfully received funding of €5.2 million in Budget 2023 to expand from nine pilot sites to roll-out nationally. Using a population-based approach, each of the country's 31 local authorities hosts a local coordinator, with some areas receiving more based on their population's needs. > On referral into the programme, a local co-ordinator carries out a home visit and conducts a holistic needs assessment for the older person in the areas of health, housing, community and social supports, assistive technologies, climate, and finance. **Carers' Guarantee** > Since Budget 2021, €2 million in annually recurring funding has been provided under the *National Carers' Strategy* to improve equity of access to supports to help family carers manage their physical, mental, and emotional health and wellbeing. > This funding contributes substantially towards delivering the Carers' Guarantee, providing a more standard package of supports to family carers in every region, in tandem with the community and voluntary sector. > €1.9 million of this funding is being channelled through Family Carers Ireland (FCI) to upscale their support provision using a public health approach of universal, targeted and intensive interventions across five areas of activity: community carer supports, intensive and emergency supports, education and training, FCI's freephone careline, and psychosocial support. The remaining €100,000 is supporting the development and delivery of online supports for family carers through Care Alliance Ireland by means of an online support group.

Implementation of the National Dementia Strategy and Dementia Model of Care

- The aim of the 2014 *National Dementia Strategy* is to improve dementia care so that people with dementia can live well for as long as possible and can have services and supports delivered in the best way possible.
- The HSE's Dementia Model of Care, published in 2023, sets out a comprehensive framework for dementia assessment, diagnosis, communication of a diagnosis, post-diagnostic support and care planning, and includes 37 targets and practice recommendations.
- In the period since 2021, €17 million in funding has been allocated to implement the *National Dementia Strategy* and the HSE's Dementia Model of Care, including new/expanded dementia diagnostic services, post-diagnostic supports (incl. a national dementia adviser service and a national network of memory technology resource rooms), community supports (in-home and centre-based day care) and the development of dementia-inclusive communities.
- These supports are intended both to enable people with dementia to live as well as possible in their own homes and communities for as long as possible, and to prevent avoidable hospitalisation and premature entry to long term residential care.

Commission on Care for Older People

- In fulfilment of the *Programme for Government* (2020) commitment, the Government has established an independent Commission on Care for Older People, the inaugural meeting of which was held on 21st March 2024.
- In Budget 2023 €1.24 million was allocated to the Commission, which is being supported by a secretariat from the Department of Health.
- The Commission is comprised of independent experts.

The Commission is charged with examining the health and social care services and supports provided to older people across the continuum of care and with making recommendations for their strategic development. Subsequently a cross-departmental group will be established under the auspices of the Commission to consider whether the supports for positive ageing across the life-course are fit-for-purpose and to develop a costed implementation plan for options to optimise these supports.

CSR 2.	
Address emerging delays to allow for continued, swift and effective implementation of the recovery and resilience plan, including the REPowerEU chapter once adopted, ensuring completion of reforms and investments by August 2026.	Ireland received its first payment request under RFF in July 2024. This payment covered 40 milestones and targets with a value of €324m. Ireland has also added a REPowerEU chapter to its national plan, worth €240m, this represents a further investment in green projects including in the areas of retrofitting and renewable biomethane energy production in Ireland. The payment of €324 million accounts for 28% of Ireland's entire allocation, with 34% of the milestones and targets fulfilled when the REPowerEU allocation is included. Ireland is on track to submit its second payment request before end 2024.
Accelerate the implementation of cohesion policy programmes. In the context of their mid-term review, continue focusing on the agreed priorities, while considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness.	Given the current stage of delivery of Ireland's existing programmes supporting the priorities identified through detailed needs analysis we are not considering utilising the flexibilities introduced through the STEP Regulation to reprogram any of Ireland's 2021/27 Cohesion Policy allocation (including support for large enterprises) at this time. In the context of the mid-term review in 2025 there may be cause for some reallocation of Ireland's 2021/27 Cohesion Policy allocation but this is expected to be modest. The main focus will be on our existing programmes supporting the priorities identified through detailed needs analysis. However, as part of this review process the Managing Authorities will be considering the opportunities provided by the Strategic Technologies for Europe Platform initiative to improve competitiveness.

CSR 3.	
Increase investments in drinking water and wastewater infrastructure to improve water quality and reduce leakages.	**Uisce Éireann** has invested a total of €7.7bn into public water infrastructure since 2014 across the policy themes of Quality, Conservation and Future Proofing. Since the commencement of the current NDP period in 2021, Uisce Éireann has invested €3.2bn. The National Development Plan 2021-2030 commits to almost €6 billion in capital investment by Uisce Éireann in the period from 2021 to 2025, of which over €4.4 billion will be Voted Exchequer funding for domestic water services. The Programme for Government commits to funding Uisce Éireann's capital investment plan for drinking water and wastewater infrastructure on a multi-annual basis and the delivery of a significant funding package committed to in Project Ireland 2040. This overall funding commitment is key to addressing Ireland's shortcomings in water and wastewater infrastructure, including compliance with the Urban Wastewater Treatment Directive. Uisce Éireann’s capital investment plan, which is fully funded, sets out a clearly defined set of priorities to deliver improvements to water and wastewater services throughout Ireland where they are needed most urgently to meet EU drinking water and wastewater service obligations while supporting balanced urban and rural development. Since 2018, and the commencement of our targeted Leakage Reduction Programme, Uisce Éireann has invested c. €200m p.a. in addressing leakage levels across our 63,000km of water network, to a point whereby the national leakage levels have reduced from 46% in 2018 to 36.9% in 2022. This focus on leakage reduction has continued throughout 2023 and 2024, with 2024 seeing a renewed focus on leakage levels in the Greater Dublin Area (“GDA”) in response to the significant increase in demand in that region. Uisce Éireann have set ambitious targets to achieve leakage levels of 25% in the Non GDA and 20% in the GDA by 2030, with any expenditure in leakage reduction focused on achieving these targets. The **3rd River Basin Management Plan**, the **Water Action Plan 2024**, was launched in early September. The objective of the plan is to protect and restore water quality in Ireland. The plan addresses all of the pressures impacting on our waters, including measures to address the loss of agricultural nutrients to water, by continuing to improve wastewater treatment and to re-establish natural free-flowing conditions in more rivers.

CSR 4	
Increase efforts to improve the flexibility of the electricity system and modernise and expand grid capacity. Develop and implement a strategy to promote demand-side EN 8 EN response and streamline planning and permitting for storage facilities and grid connectors.	In line with Ireland's Climate Action Plan (CAP) commitments to improve and modernise Ireland's electricity grid capacity, the Electricity Storage Policy Framework for Ireland was published by the Department of the Environment, Climate and Communications in July 2024. The Electricity Storage Policy Framework addresses, in the main, the role of grid-scale storage on the electricity network in the immediate and near term, outlining the present roles, technical processes, market positions, and regulatory structures of electricity storage in Ireland. Further, the policy framework presents 10 Government actions to support the role of electricity storage throughout Ireland's energy transition. At present there are over 1 GW of electricity storage systems connected to the Irish grid servicing the electricity system, the majority of which are Battery Energy Storage Systems (800MW). The rest provided by Pumped-hydro storage. Actions #5 to #10 of the Electricity Storage Policy Framework set out the Irish Government's support for further electricity storage systems, through the procurement of a further 1GW of electricity storage to meet System Operator needs. Separately, the Commission for Regulation of Utilities reviews the regulatory treatment of storage including licensing, charging and market incentives. In regard to improving the flexibility of the electricity system, in July, published the National Energy Demand Strategy (NEDS) decision paper. The NEDS will contribute to demand flexibility through three key areas, Area 1- Smart Services, Area 2- Demand Flexibility and Response and Area 3- New Demand Connections. In Ireland, the Commission for the Regulation of Utilities (CRU) is responsible for grid connection policy. The Enduring Connection Policy 2 (ECP 2) process is the current pathway for generators, storage and other system services technology projects to connect to the electricity system. In accordance with CAP 23, the CRU will publish an updated connection policy, the Electricity Generation & System Services connection policy, in late Q3, 2024. A consultation paper to inform the development of this policy closed on 16 February this year. As well as supporting decarbonisation and renewable targets, this policy will be designed to reduce grid-permitting deadlines for renewable projects in line with the requirements of European legislation. Earlier this year DECC established the Accelerating Renewable Electricity Taskforce ("the Taskforce"), a key measure in CAP 23. The role of the Taskforce is to coordinate the fast-tracked and increased deployment of onshore renewable electricity generation and supporting technologies. The Taskforce already has established a number of working groups which are an integral to the delivery effort.

Increase efforts to improve energy performance of private buildings to reduce energy bills and energy system costs.	**Residential** The Climate Action Plan sets ambitious targets to reduce greenhouse gas emissions from the residential sector from 7 Mt CO2 eq. in 2018 to 4 Mt CO2 eq. in 2030. One of the measures to achieve this is to retrofit the equivalent of 500,000 homes to a BER B2/cost optimal or carbon equivalent, and to install 400,000 heat pumps in existing homes (to replace older, less efficient heating systems) by 2030. To meet these targets, we will need to deliver the equivalent of 75,000 B2 home upgrades per year from 2026 to 2030. The budget of €8 billion to the end of the decade and annual allocations set out in the National Development Plan and National Retrofit Plan, underlines the Government's commitment to achieving these targets. **The National Retrofit Plan** The National Retrofit Plan sets out how the Government will deliver our national retrofit targets. The Plan is designed to address barriers to retrofit across four key pillars: > Driving demand and activity; > Financing and funding; > Supply chain, skills and standards; and > Governance. **Budget 2024** €429.7 million capital funding has been allocated to SEAI residential and community energy upgrade schemes, including the Solar PV Scheme, for 2024. Of this, €391 million is funded from carbon tax revenue. The overall allocation will mean that the progress made last year under the National Retrofit Plan will be further ramped up in 2024. Record capital funding allocation of almost €210m provided to the Warmer Homes Scheme waiting list in 2024. This year's budget includes funding from the European Regional Development Fund (ERDF) so that more households at risk of energy poverty can avail of fully funded energy upgrades under the Warmer Homes Scheme. **SEAI residential and community statistics 2024 YTD to end August** Capital expenditure of approximately €256.9 million (up 36% on August 2023 spend). 35,226 home energy upgrades YTD (up 18% on 2023 (same point) and 67% of 2024 target). 14,068 B2 upgrades completed YTD (up 33% on 2023 (same point) and 68% of 2024 target). 4,692 (WHS) fully funded energy upgrades for low-income households YTD (up 37% on same point 2023 and 74% of 2024 target). 2,344 heat pump targets were installed YTD. This is 50% of the 2024 target of 4,723, and slightly behind the same point last year. 42,404 applications for grant support were received by SEAI in 2024 YTD equating to a 1% increase on 2023 levels (in line with the same point last year).

Annex 1
Interaction with the Irish Fiscal Advisory Council

Irish Fiscal Advisory Council

Dear Secretary General Hogan,

The Council has a statutory obligation to endorse, as appropriate, the macroeconomic forecasts prepared by the Department of Finance on which Budget 2025 will be based.[1]

The Council's endorsement approach has three elements:

1) comparing the Department's macroeconomic forecasts with the Council's Benchmark projections and with forecasts from other bodies;
2) considering the methodologies used to produce the forecasts; and
3) reviewing the Department's past forecast errors for evidence of systematic bias.

The Council discussed the Department's forecasts at its endorsement meeting on 23rd September 2024.

The Irish Fiscal Advisory Council endorses as within the range of appropriate forecasts the set of macroeconomic projections prepared by the Department of Finance for Budget 2025 covering the years 2024 to 2030.

The Council is satisfied that the forecasts are within an endorsable range considering the methodologies used and the plausibility of the judgements made.

This endorsement comes at a time when the economy is performing above its potential and with risks related to capacity constraints domestically.

The Council welcomes the Department's engagement and transparency during this endorsement, as well as its continued efforts to advance the methods underpinning its macroeconomic forecasts.

The Council will discuss the endorsement process and assess the macroeconomic projections in its forthcoming Fiscal Assessment Report.

Sincerely,

Seamus Coffey

Seamus Coffey
Chairperson
Irish Fiscal Advisory Council

[1] The Fiscal Responsibility Act 2012, as amended by the Ministers and Secretaries (Amendment) Act 2013, states that: "The Fiscal Council shall— (a) endorse, as it considers appropriate, the macroeconomic forecasts prepared by the Department of Finance on which the Budget and stability programme will be based".

Annex 2
Discretionary revenue measures taken by general government

Table A1: Discretionary revenue measures taken by general government							
Measures^ *****	Detailed description	ESA Code	Accounting principle	Adoption Status	Budgetary Impact (per cent GDP)		
					2023	2024	2025***
Carryover~	VAT, Income Tax, Excise	D.51, D.21, D.91	Cash	Implemented	0.00	0.04	0.05
Income Tax	Personal Tax Credits and Bands, USC Rate, Mortgage Interest Relief	D.51	Cash	Legislation pending	-0.33	-0.29	-0.30****
VAT	9% Rate on Gas & Electricity, Increase Flat-Rate Compensation for Farmers to 5.1%	D.21	Cash	Legislation pending	-0.01	-0.06	-0.03
Corporation Tax	R&D Credit, Accelerated Capital Allowances for Gas Vehicles and Refuelling equipment	D.51	Cash	Legislation pending	0.00	0.00	0.00
Excise Duties	Carbon Tax, Tobacco Tax, E-Liquid Products Tax	D.21	Cash	Legislation pending	0.03	0.02	0.03
Other*	Extension of Bank Levy, Increase to CAT Thresholds	D.51, D.21	Cash	Legislation pending	0.03	0.03	0.04
**Total Measures ** **					**-0.3**	**-0.3**	**-0.2**

~ carryover from previous measures.
^ Revenue measures detailed here; discretionary expenditure measures are in the *2024 Expenditure Report* available at: https://www.gov.ie/en/publication/3ab46-budget-2025-expenditure-reports/
* See Annex 4 for summary of tax measures.
** The discrepancy in the reconciliation between the no-policy change scenario ('White Paper'), the impact of discretionary measures and the final budget tables can be explained by second round effects arising from the introduction of the budgetary package. This is not included in the table above.
*** 2025 only reflects the impact of any carry forward from measures introduced in previous years or announced in *Budget 2025*.
**** Income tax figures do not incorporate the impact of non-indexation.
***** One-off revenue measures are included as discretionary revenue measures.

Annex 3 – Additional fiscal data

Table A2: General government balance on a no-policy change basis, per cent GDP

	2024	2025
General government balance	4.8	2.1
General government balance, exc. windfall CT^	-0.9	-0.6

^ General government balance excluding the Department's estimates of corporation tax receipts that may be 'windfall' in nature. The figures are on a pre-budget basis and do not include any new policy measures announced as part of the 2024 Estimates and Budgetary process.
Source: Department of Finance.

Table A3: Amounts to be excluded from the expenditure benchmark, per cent GDP

	2023	2024	2025
Expenditure on EU programme matched by EU funds	0.4	0.4	0.4
Cyclical unemployment benefit expenditure^	-0.0	-0.0	-0.0
Effect of discretionary revenue measures^^	-0.0	-0.0	-0.0
Revenue increases mandated by law	M	M	M

^ see previous DBPs for explanation
^^ captures the multi-annual impact of all discretionary revenue measures enacted in all budget announcements to date (not just those in excess of 0.05 per cent of GDP).
M= not applicable
Source: Department of Finance.

Annex 4 – Detailed taxation measures in *Budget 2025*

Table A4: Taxation measures introduced in *Budget 2025,* € million

Personal taxation: supporting workers	First year cost	Full-year cost
Income tax	-1,120	-1,290
Increase of €2,000 in the income tax standard rate cut-off point		
Increase of €125 in the Personal Tax Credit		
Increase of €125 in the Employee Tax Credit		
Increase of €125 in the Earned Income Credit		
Increase of €150 in the Home Carer Tax Credit		
Increase of €150 in the Single Person Child Carer Tax Credit		
Increase of €300 in the Incapacitated Child Tax Credit		
Increase of €300 in the Blind Person's Tax Credit		
Increase of €60 in the Dependent Relative Tax Credit		
USC	-470	-540
Increase the 2% rate ceiling by €1,622		
Reduce the 4% USC rate to 3%		
Sea-going naval personnel tax credit		
Extend the Sea-going naval personnel tax credit to 31/12/2029	-0.5	-0.5

Supporting Housing		
Help to Buy		
Extend the Help to Buy Scheme to 31 December 2029	-	-185
Rent Tax Credit		
Increase of €250 / 500 in the Rent Tax Credit for single / jointly assessed	-65	-
Pre-letting Expenses		
Extend tax relief for pre-letting expenses to 31 December 2027	-2	-2
Stamp Duty rate on the bulk acquisition of houses		
Increase the rate of Stamp Duty on bulk acquisition of houses (10% to 15%)	2.9	11.6
Vacant Homes Tax		
Increase to seven times the property's Local Property Tax charge	-	1
Residential Zoned Land Tax		
Amend RZLT to provide targeted exemption	-	-

Supporting Enterprise, SMEs and the Agri-Sector		
Angel Investor Capital Gains Tax Relief		
Increase lifetime limit on gains to €10 million[9]	-	-11
Capital Gains Tax Retirement Relief		
Amend to support intergenerational transfers	-15	-15
Relief for Investment in Corporate Trades		
Extend EII, SURE and SCI to 31/12/26 with limit changes also	-46	-46
Research and Development Tax Credit		
Increase the first year payment threshold from €50,000 to €75,000[10]	-3	-
Section 486C Small Company Start Up Relief		
Enhance to allow calculation of relief by reference to Class S PRSI	-2	-4.7
Audio-Visual Sector Reliefs		
Introduce a new Tax Credit for Unscripted Production	-10	-67
Introduce a Scéal Uplift for feature film productions	-3	-7
Participation Exemption for Foreign Dividends		
Simplify method of double tax relief	-	-
Relief for Listing Expenses		
New deduction for expenses re first listing on Irish/EEA exchange	-0.2	-0.6
Small Benefit Exemption		
Increase the limit to €1,500 and increase the number of benefits	-18	-18
VAT Registration Thresholds		
Raise the VAT registration threshold for goods and services	-12.5	-15
CAT Agricultural Relief		
Extend six year active farmer test to disponer	15	15
Accelerated Capital Allowances – Farm Safety Equipment		
Additional qualifying equipment	-	-
Stock Relief		
Extend the three stock reliefs to 31 December 2027	-11.6	-11.6
VAT		
Increase flat-rate compensation for farmers to 5.1%	-20	-24
Excise Duty		
Extend small producers cider relief	-0.8	-0.8
Extend BIK relief	-	-

[9] No cost for this relief until 2028 as investment must be held for a minimum of 3 years.
[10] This measure provides for the accelerated payment of an existing tax credit and therefore is cost-neutral over a three-year period.

Taxation Measures to Support Climate Action		
Carbon Tax		
Increase of €7.50 per tonne of CO_2 from €56 to €63.50	122[11]	157
Rate effective from 9/10/24 for propellant fuels and 1/5/25 for all other fuels.		
VRT		
Emissions based VRT for Category B Vehicles	-0.5	-0.5
Amendment of VRT weight ratio for commercial electric vehicles	-1.2	-1.2
VAT		
VAT reduction on heat pumps to 9%	-3.3	-4

Other Tax Measures to Support Climate Action		
Accelerated Capital Allowances – Gas & Hydrogen Vehicles		
Extend to 31 December 2025[12]	-0.3	-
BIK exemption for installation of home chargers	-1.8	-1.8
Reduction of Emissions Thresholds for Vehicle Capital Allowances[13]	-	-

Other tax measures		
Excise Duty		
Increase of €1 on pack of 20 cigarettes	8.7	69.7
Introduce e-liquid tax at rate of €0.50 per ml	7	17
Bank Levy	200	-
New Stamp Duty rate on residential property value above €1.5 million	20	80
CAT Thresholds	-21.9	-88
Compliance	70	-

Cost of living measures		
Extend mortgage interest tax relief for one further year		-40
Extend 9% VAT rate for gas and electricity to 30 April 2025		-110
Rent Tax Credit increase in respect of 2024		-65

[11] First year is 2025 in light of delayed commencement on non-propellant fuels.
[12] This measure provides for the acceleration of existing allowances and therefore is cost-neutral over the lifespan of the assets.
[13] To be commenced in 2027.

Rialtas na hÉireann
Government of Ireland

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 | @IRLDeptFinance
www.gov.ie/finance