Rialtas na hÉireann
Government of Ireland

Budget 2024
Draft Budgetary Plan

Prepared by the Department of Finance
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DRAFT BUDGETARY PLAN 2024

October 2023

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 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 2024*, which was presented to Dáil Éireann (the Irish Parliament) on the 10th of October 2023.

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 2023 and 2024).

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 almost entirely[1] on these headline metrics which, in an Irish context, should be interpreted with caution given the internationalisation of the economy.[2]

Estimates of the structural balance in this document are provided only for completeness; the figures should be treated with caution given the elevated uncertainty regarding estimates of the output gap at the current juncture.

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 macroeconomic analysis and forecasts contained in this document are based on data to end-September while the fiscal analysis is based on data to early October. 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] With the exception of a small part of section 2.
[2] 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/

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Section 1
Summary

Ireland's *Draft Budgetary Plan* is based on GDP growth of 2 per cent for this year, followed by an expansion of 4.5 per cent for next year. These projections take account of the macroeconomic impact of policy measures introduced in *Budget 2024*, presented to the Irish Parliament on 10th October 2023.

The macroeconomic forecasts upon which the Budget is based were endorsed by the *Irish Fiscal Advisory Council* on 28th September 2023.[3]

A general government surplus of 1.6 per cent of GDP is projected this year; the surplus last year was broadly similar, at 1.7 per cent of GDP. The budgetary surpluses mainly reflect revenue buoyancy, with the post-pandemic rebound in employment boosting income tax receipts and very strong export sales underpinning the corporate tax revenue stream. On the expenditure side, two opposing forces have been at work: the phasing-out of pandemic-related spending has had a favourable impact on the public finances while, on the other hand, the war in Ukraine has resulted in significant expenditure pressures (energy and other supports for households, provision of humanitarian assistance to Ukrainian migrants).

For next year, the general government surplus is forecast at 1.5 per cent of GDP.

The Government's budget for 2024 also provides for major structural fiscal reform. To prepare for future demographic (and other) challenges, and to ensure that potentially transient windfall receipts are not used to finance permanent commitments, the Government has announced it is establishing the *Future Ireland Fund*; this will be capitalised by setting aside 0.8 per cent of GDP per annum, from 2024 onwards.[4] In addition, a second fund, the *Infrastructure, Climate and Nature Fund*, will provide for a smoothing of capital investment over the economic cycle, as well as contributing to climate-related capital projects. Legislation in respect of these longer-term savings vehicles is at drafting stage in Parliament.[5]

The debt-to-GDP ratio is forecast to be 41 per cent at the end of this year. The ratio is projected to fall to 39 per cent next year, driven by strong projected nominal growth in GDP next year as well as the assumed primary surplus.

[3] The endorsement letter from the Chair of the Council is available in Annex 2.

[4] The Future Ireland Fund will be seeded with a €4 billion (0.7 per cent of GDP) transfer from the National Reserve Fund ('Rainy Day Fund').

[5] https://www.gov.ie/en/publication/75000-general-scheme-of-the-future-ireland-fund-and-infrastructure-climate-and-nature-fund/

Section 2
Economic Developments and Outlook

2.1 External Environment

On foot of the decline in global energy prices, the inflationary tide appears to have turned in Ireland's main export markets. After peaking during the spring in most regions, the headline rate is now on a downward trajectory. Underlying inflationary pressures, however, have been more persistent, reflective of post-pandemic mis-matches between demand and supply. This is evident from indicators such as 'core' inflation, where the downward trajectory has been much less pronounced than for headline rates.

To better align demand with productive capacity, the highly accommodative monetary policy that has characterised advanced economies since the global financial crisis, and especially during the pandemic, has been rapidly reversed over the past year. The standard channels through which the withdrawal of monetary stimulus impacts on real economic activity involve slowing the extension of new credit to firms and households and increasing debt service costs for existing borrowers.

While this transmission typically occurs with a lag – *inter alia* due to 'hedging' of interest rate exposures – there are now clear signs of pass-through to the real economy in most regions, including in the euro area. Moreover, additional real economy impacts are also in the pipeline, given increases in policy rates over the spring and summer.

The macroeconomic data-flow in key export markets paint a somewhat mixed picture. The data show that demand effectively flat-lined in the euro area in the first half of the year, with higher frequency data suggesting a further weakening over the summer. The consensus earlier in the year was that economic activity in the UK would fall both this year and next; the data, however, have surprised on the upside, with activity moving sideways so far this year.

In the US, the strength of consumer spending – financed by running down 'excess' savings accumulated during the pandemic – has supported economic activity, though evidence suggests that these 'excess savings' have been nearly exhausted at this stage. Prospects for the Chinese economy – the world's second largest – are less benign than previously assumed.

Near-term forecasts for demand in Ireland's main export markets are set out below (**table 1**). GDP in the euro area is set to expand by 0.6 per cent this year, followed by 1.1 per cent next year. For the US, the equivalent figures are 2.2 and 1.3 per cent, respectively, for this year and next. The UK is set to underperform this year, with GDP growth of just 0.3 per cent, with a modest acceleration to 0.8 per cent in prospect for next year. In all cases, consumer price inflation is set to moderate, though it will likely be further out the forecast horizon – probably 2025 – before inflation returns to rates consistent with central bank targets.

In terms of energy price dynamics, UK gas futures currently stand at stg£1.30 per therm on average over the winter (final quarter of this year, first quarter of next year) and stg£1.40 per therm on average for next year (**figure 6A**). While gas prices remain above their long-run average, prices have now receded significantly from last year's peak of around stg£3.50 per therm. The wholesale price of oil picked-up over the summer inter alia due to 'OPEC+' reductions in supply. As usual, the forecasts set out in this document are conditioned upon the pathway for energy prices currently signaled by the futures curve in mid-September. This would imply oil prices averaging $82 (€76) per barrel this year, and remaining around that level next year.

Table 1: External assumptions			
	2022	2023	2024
External GDP growth^		***per cent change***	
United States	2.1	2.2	1.3
Euro area	3.4	0.6	1.1
United Kingdom	4.1	0.3	0.8
Technical assumptions		***as stated***	
Euro-sterling exchange rate (€1=)	0.85	0.87	0.86
Euro-dollar exchange rate (€1=)	1.05	1.09	1.09
Brent crude (dollars per barrel)	98.6	82.4	82.2
Natural gas prices (stg£ per therm)	2.7	1.1	1.4

Notes:
Oil and gas prices (futures) in 2022 – 2023 are calculated on the basis of futures markets as of mid-September 2022.
Exchange rate outturns as of mid-September 2023 and unchanged thereafter.
Source: External growth forecasts are sourced from OECD *Interim Economic Outlook,* September 2023 update

2.2 Irish economic developments in 2023

After peaking in the third quarter of last year, the level of exports has subsequently eased back and, at mid-year, was 7 per cent below its peak. This is mainly a reflection of sector-specific – and perhaps firm- or product-specific – factors. Weakness is most evident in pharmaceutical exports (which accounts for around two-thirds of goods exports), which appears to be a function of the decline in demand for pandemic-related pharma products. Sub-sectors such as semi-conductors have also posted lower foreign sales, as have exports related to 'contract manufacturing'. On the other hand, services exports continue to record solid growth with, for instance, tentative signs that volatility evident in the ICT sector at the end of last year may have receded.

Against the backdrop of slowing external demand, overall exports are assumed to remain at relatively modest levels in the second half of this year, so that growth of just over 2 per cent is projected for the full-year. This compares with an average growth rate of around 12½ per cent over the past half-decade.

Modified Domestic Demand (MDD)[6] increased moderately in the first half of the year, although the (seasonally adjusted) level of activity in the second quarter was largely unchanged compared with that a year earlier.

After a flat first quarter, consumer spending increased by nearly 1 per cent in the second quarter, meaning that the level of real spending was 10 per cent above its pre-pandemic peak. In nominal (or money) terms, consumer spending was around 30 per cent above its pre-pandemic peak; the differing growth path between real and nominal spending reflects the sharp increase in consumer price levels over the past two years.

Higher frequency data suggest that consumer demand may have eased in the third quarter, with retail sales and consumer sentiment both weakening over the summer. Headwinds associated with higher debt-servicing costs for households may be weighing on discretionary expenditure, and this will likely intensify in the months ahead. Operating in the other direction, transfers from the government sector to the household sector – as part of Budget 2024 – will provide some support to consumer spending in

[6] Bespoke measure of economic activity for Ireland; defined as domestic demand excluding investment in imported intellectual property and investment in aircraft for leasing purposes.

the fourth quarter. All of these developments point to consumer spending increasing by around 3.3 per cent this year.

The necessity for pandemic-related expenditure resulted in strong public consumption growth in recent years. As pandemic-related expenditure is withdrawn, public consumption growth is expected to moderate. On the other hand, the provision of *inter alia* humanitarian assistance will underpin further expansion in the volume of public consumption this year, which is expected to grow by 1.7 per cent.

Over the last number of quarters, investment spending has been driven by a small number of multinational companies (MNE's) expanding their manufacturing facilities and data centers in Ireland. The scale of these projects has resulted in record high levels of investment in the machinery and equipment category. Given the outsized nature of this investment, it is unlikely to be repeated going forward.

The strong momentum from building and construction activity last year, has continued into this year with over 14,000 new houses brought to completion in the first half of the year. Given the resilient pipeline of construction starts, housing completions are expected to broadly match last year's level. Juxtaposing these positive developments, commercial real estate activity is expected to remain subdued as the rising cost of capital acts as a headwind for investment, whilst the widespread adoption of work-from-home practices has lowered the demand for additional office space.

Putting all of this together, MDD is projected to increase by 2.2 per cent this year. This forecast is calibrated on the assumption that the economy has passed the peak of the business cycle – while activity will continue expanding, the gap between aggregate demand and supply should narrow. Indeed, this is reflected in the Department's third quarter 'now-cast', which indicates an easing in the pace of underlying growth. The annual growth rate incorporates a very small upward revision relative to the Department's spring forecasts of 0.1 percentage points, with the additional fiscal injection offsetting (in aggregate terms) the drag on activity from monetary policy.

Taken in conjunction with the projection for exports (or, more specifically, for net exports), this implies GDP growth of 2.0 per cent for this year.

2.3 Irish economic outlook for 2024

Weaker external demand is assumed to hold back foreign sales of goods and services from Ireland. In addition, the phasing-in of import controls under the Border Target Operating Model – applying predominantly to animal and plant-based products exported from Ireland into Great Britain from 31st January of next year – will also weigh on export sales. Working in the other direction, the completion of large-scale investment projects in parts of the multinational sector – including the pharma, med-tech and IT hardware sectors – is likely to bear fruit over the course of next year (and subsequent years). In addition, the drag from the reversal in demand for pandemic-related pharmaceuticals this year is assumed to wane. All of these factors – both headwinds and tailwinds – point to export growth of around 5.3 per cent for next year.

The tightening of monetary policy over the past year or so will be an important headwind for the domestic economy next year, with higher financing costs acting as a break on both current and capital spending. Alongside continued weakness in Ireland's main export markets, therefore, near-term domestic economic prospects are slightly less favourable than in the spring.

Headline inflation is set to decelerate further, with real (i.e. inflation-adjusted) wages returning to positive territory over the course of next year. Net fiscal transfers from the government sector – as part of Budget 2024 – will also support household incomes. While households have not yet dipped into their 'excess deposits' (i.e. 'forced' savings accumulated during the pandemic), their saving as a share of disposable income has re-normalised at around 10 per cent; the projection for consumer spending next year is anchored to savings remaining at around this rate.

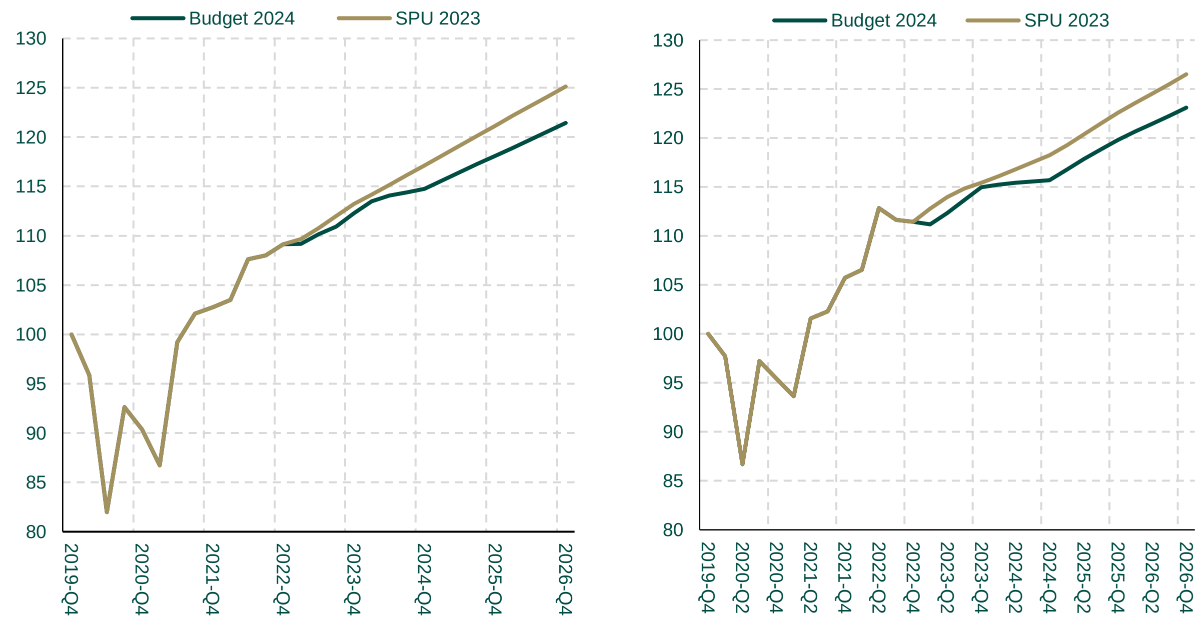
As with the final quarter of 2023 a temporary boost to consumer spending is expected in the first quarter of 2024, reflecting the timing of Government supports. Thereafter, the pace of growth is projected to moderate as the lagged effects of monetary policy take hold: as more-and-more households roll-off low fixed rate mortgages and re-finance at higher rates, the interest burden will squeeze household incomes and weigh on discretionary spending. Against this general profile, real consumer spending growth of 3.2 per cent is projected for next year (**figure 1A**).

A number of factors are assumed to underpin increased public consumption next year. For instance, additional purchases of current goods and services will be required as the Government expands its service provision in key areas. In addition, additional purchases of goods and services will be needed in order to continue providing humanitarian aid to Ukrainian and other migrants.

Figure 1: Quarterly projections for household consumption and MDD

A: Quarterly profile for consumption, 2019q4 = 100

B: Modified Domestic Demand, 2019q4 = 100



Note: Level immediately pre-pandemic set=100. Given the revisions to consumption, SPU 2023 quarterly growth rates have been applied to the revised outturns.
Source: CSO and Department of Finance.

Note: Level immediately pre-pandemic set=100. Given the revisions to MDD, SPU 2023 quarterly growth rates have been applied to the revised outturns.
Source: CSO and Department of Finance.

Financing conditions and the level of certainty are key drivers of investment spending: higher interest rates and heightened uncertainty tend to hold back business capital outlays by reducing the (risk adjusted) rate of return on projects. Amid monetary policy tightening and a deterioration in the outlook for the global economy, therefore, the near-term outlook for 'core' machinery and equipment spending in the domestic economy is weak. In addition, a 'base effect' arises from the completion of exceptionally large investments in plant and machinery this year.

In terms of building and construction investment, research indicates that higher financing costs will likely weigh on both supply and demand in the housing market, with institutional investors particularly sensitive to higher interest rates. On the other hand, the Government's National Development Plan 2021-2030 will support activity elsewhere in the construction sector. In overall terms, modified investment is projected to be effectively flat next year.

Against this backdrop, MDD growth of 2.2 per cent is projected for next year, a 0.4 percentage point downward revision relative to the Department's spring projections (**figure 1B**).

Table 2: Macroeconomic prospects

	2022	2023	2024
Economic activity		*year-on-year per cent change*	
real GDP	9.4	2.0	4.5
nominal GDP	16.6	6.2	7.0
real modified GNI	6.7	2.0	2.0
real MDD	9.5	2.2	2.2
components of GDP		*year-on-year per cent change*	
personal consumption	9.4	3.3	3.2
government consumption	3.5	1.7	1.4
investment	15.9	-0.2	0.1
stock changes^	0.9	0.0	0.0
exports	13.9	2.1	5.3
imports	18.9	2.1	4.1
contributions to real GDP growth		*annual percentage point contribution*	
domestic demand (exc. stocks)	4.0	0.2	1.6
net exports	3.7	1.8	2.9
stock changes	1.0	0.0	0.0
statistical discrepancy	0.7	0.0	0.0

Rounding can affect totals.
^ Contribution to GDP growth.
Source: 2022 - CSO; 2023 - 2024 Department of Finance.

Modified import growth of 4.1 per cent is projected for next year, in line with the forecast growth in modified final demand. In conjunction with the assumed growth rate of exports, this would result in GDP growth of 4.5 per cent next year. GNI* growth is expected to increase by just under 2 per cent, reflecting the path for MDD and a slightly positive contribution from net (domestic) trade driven by a reduction in imports of machinery and equipment, as well as a positive contribution from the multinational sector via corporate taxes.

2.4 Price Developments

The weight of evidence suggests that consumer price inflation has now peaked and is set to moderate further in the months ahead. The war-induced energy price shock has now been reversed; as lower wholesale prices pass-through – albeit with lags (arising from the hedging strategies of energy suppliers) – to retail prices, headline inflation is set to ease further (**table 3**). As demand cools and supply catches up, core inflationary pressures are set to moderate. Lower inflation will, in turn, support real income growth into next year. As the loss in purchasing power is reversed, consumer spending is set to strengthen, supported by the measures introduced by the Government as part of *Budget 2024*.

Table 3: Price developments, per cent change	2022	2023	2024
GDP deflator	6.6	4.1	2.4
Personal consumption deflator^	6.5	5.9	3.5
Harmonised index of consumer prices (HICP)	8.1	5.3	2.9
Core HICP inflation^^	5.0	5.1	3.4
Export price deflator (goods and services)	5.0	1.8	1.3
Import price deflator (goods and services)	4.4	1.0	1.1
Terms-of-trade (good and services)	0.5	0.8	0.1

^ Both the personal consumption deflator and the HICP measure the change in the average price of a fixed basket of goods and services. However, the two measures differ in terms of the goods and services covered and the weights assigned to each item.
^^ 'Core' inflation excludes energy and unprocessed food.
Source: 2022 - CSO; 2023 to 2024 - Department of Finance.

2.5 Labour Market

Very strong employment growth was recorded in the first quarter of this year; while the growth rate moderated in the second quarter, there were 2.64 million in work by mid-year, the highest level ever. As a result, almost three-quarters of the working age population were in employment – an employment rate that surpasses previous peaks by a wide margin. Employment growth has been broad-based, with most sectors in expansive territory; exceptions being agriculture where employment has generally declined in recent years and the much-larger industrial sector where the level of employment in the second quarter was just over one per cent below the equivalent level in the same quarter last year. Almost all of the additional employment arose from increases in labour supply. Net inward migration and increased participation – particularly female participation – were the key drivers of this increase in labour supply.

Higher frequency data tentatively suggest some modest softening in labour demand since the summer, though further employment expansion is assumed over the remainder of this year and into next. Full-year growth rates of 3.4 and 1.3 per cent are projected (**table 4**); to put it another way, over 120,000 jobs are assumed to be generated in the two-year period to end-2024.

Table 4: Labour market developments, per cent change (unless stated)	2022	2023	2024
Employment	6.6	3.4	1.3
Unemployment rate (per cent)	4.5	4.1	4.2
Labour productivity^	2.6	-1.4	3.1
Compensation of employees*	9.5	9.3	6.3
Wages per head	2.5	4.4	4.6

^GDP per person employed.
*Non-agricultural sector.
Source: 2022 = CSO: 2022-24 = Department of Finance.

Nominal wages per head growth averaged 3.6 per cent in the first half of the year, a figure that was below the increase in consumer prices during that period, though fiscal transfers have supplemented household incomes. Taking into account wider labour market dynamics, nominal pay per head growth of 4.4 and 4.6 per cent is projected for this year and next. With inflation moderating, the purchasing power of wages is set to be gradually restored.

Section 3
Budgetary developments and outlook

3.1 Budget balance

Total revenue is projected at 23.2 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 21.2 per cent, an increase compared to last year. Accordingly, a general government surplus of 1.6 per cent of GDP (**table 5**) is anticipated for this year, a decline of 0.1 percentage points relative to last year.

Table 5: Expenditure and revenue by main components, per cent GDP

	ESA Code	2022	2023	2024
Total revenue	**TR**	**22.9**	**23.2**	**22.5**
of which:				
Taxes on production and imports	D.2	6.3	6.1	6.0
Current taxes on income, wealth, etc.	D.5	11.2	11.2	10.9
Capital taxes	D.91	0.1	0.1	0.1
Social contributions	D.61	4.0	4.0	4.1
Property income	D.4	0.1	0.3	0.2
Other		1.2	1.4	1.3
p.m.: Tax burden*		21.7	21.7	21.3
Total expenditure	**TE**	**21.2**	**21.6**	**21.1**
of which:				
Compensation of employees	D.1	5.7	5.6	5.5
Intermediate consumption	P.2	3.5	3.6	3.4
Social payments	D.62, D.632	7.3	7.3	7.1
of which: unemployment benefits				
Interest expenditure	D.41	0.7	0.6	0.6
Subsidies	D.3	0.6	0.6	0.5
Gross fixed capital formation	P.51g	2.0	2.2	2.2
Capital transfers	D.9	0.4	0.6	0.6
Other		1.0	1.1	1.1
General government balance	**TR-TE**	**1.7**	**1.6**	**1.5**

* Formally, the tax burden is defined as D.2+D.5+D.61+D.91-D.995.
Source: CSO 2022; Department of Finance forecasts for 2023 – 2024.

For next year, total revenue as a share of GDP is projected at 22.5 per cent, a figure which takes account of the tax policy changes (**table 6**) outlined in *Budget 2024*. After taking account of policy measures, total expenditure is projected at 21.1 per cent of GDP for next year. As a result, a general government surplus of 1.5 per cent of GDP is forecast for next year.

Taking account of estimated windfalls, as well as the position in the cycle (the 'output gap'), the underlying or structural balance is estimated at 0.2 per cent of GDP in 2024 (**table 7**).

Table 6: Discretionary measures taken by general government							
Measures^ *****	Detailed description	ESA Code	Accounting principle	Adoption Status	Budgetary Impact (per cent GDP)		
					2022	2023	2024***
Carryover~	VAT, Income Tax, Excise	D.51, D.21, D.91	Cash	Implemented	0.08	0.00	-0.01
Income Tax	Personal Tax Credits and Bands, USC Rate, Mortgage Interest Relief, Rent Tax Credit Increase	D.51	Cash	Legislation pending	-0.13	-0.27	-0.26****
VAT	9% Rate on Gas & Electricity, 0% VAT Rate for eBooks and audiobooks	D.21	Cash	Legislation pending	0.00	-0.01	-0.05
Corporation Tax	R&D Credit, Accelerated Capital Allowances for Energy Efficient Equipment	D.51	Cash	Legislation pending	0.00	0.00	0.00
Excise Duties	Carbon Tax, Tobacco Tax, Extension of Reduced Rate on Fuel	D.21	Cash	Legislation pending	0.05	0.02	0.02
Other*	Extension of Bank Levy, Amendment to Concrete Products Levy	D.51, D.21	Cash	Legislation pending	0.02	0.02	0.02
Total Measures **					**0.0**	**-0.2**	**-0.3**

~ carryover from previous measures.
^ Revenue measures detailed here; discretionary expenditure measures are in the *2023 Expenditure Report* available at: https://www.gov.ie/en/publication/eb6ec-budget-2023-expenditure-reports/
* See Annex 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.
*** 2024 only reflects the impact of any carry forward from measures introduced in previous years or announced in *Budget 2024*
**** Income tax figures do not incorporate the impact of non-indexation.
***** One-off revenue measures are included as discretionary revenue measures.

Table 7: General government balance by subsector, per cent GDP (unless stated)	ESA Code	2022	2023	2024
General government	S.13	**1.7**	**1.6**	**1.5**
: central government	S.1311	1.8	1.8	1.7
: local government	S.1313	-0.1	-0.2	-0.3
: social security funds	S.1314	0.0	0.0	0.0
Interest expenditure	D.41	0.7	0.6	0.6
Primary balance		2.3	2.3	2.1
Potential output, per cent change		3.3	1.9	2.4
Output gap		1.1	0.9	0.7
Cyclical budgetary component		0.6	0.5	0.4
Cyclically-adjusted balance		1.1	1.2	1.1
Cyclically-adjusted primary balance		1.7	1.8	1.7
Structural balance		0.6	0.6	0.2

Notes:
Methodology for estimating potential output based on Murphy *et.al* (2018), available at:
https://www.gov.ie/en/publication/65c119-estimating-irelands-output-gap/.
Estimates of windfall corporation tax receipts treated as one-off/temporary measures.
M = not applicable.
Source: Department of Finance

3.2 Long-term savings funds

A key pillar of Government's fiscal strategy, as set out in *Budget 2024*, is the establishment of the *Future Ireland Fund* next year. The policy follows from analytical work undertaken by the Department of Finance which showed that a significant portion of the corporate tax revenue stream could be 'windfall' in nature.[7]

The objective is to (part) pre-fund the fiscal pipeline costs – population ageing, the digital and climate transitions – that are set to magnify in the years ahead.

A secondary fund – the *Infrastructure, Climate and Nature Fund* – will also be created; the objective is to ensure that Governments of the future can continue to finance capital spending even during an economic downturn. It will also have a climate and nature component, the aim of which is to help the achievement of carbon budgets though capital projects where it is clear such carbon budgets are not being reached.

3.3 Public debt

The level of public indebtedness fell to 44.4 per cent of GDP at the end of last year (**table 8**). 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 41.4 per cent. Net public indebtedness – which takes account of accumulated cash and other assets – is much lower at 34.3 per cent of GDP at the end of this year, falling to just under 34 percent at the end of next year.

[7] *De-risking the public finances – an assessing corporate tax receipts*, Department of Finance, September 2022, available at: https://www.gov.ie/en/publication/b838d-de-risking-the-public-finances-assessing-corporation-tax-receipts/

Table 8: General government debt developments, per cent of GDP			
	2022	**2023**	**2024**
Gross debt [a]	44.4	41.4	38.6
Change in gross debt	-11.0	-3.0	-2.8
Contributions to change in gross debt ratio			
Primary balance	2.3	2.3	2.1
Interest expenditure	-0.7	-0.6	-0.6
Stock-flow adjustment	-0.6	1.3	1.4
Composition of stock-flow adjustment			
- Change in cash	-0.6	0.6	-1.6
- Differences between cash and accruals [b]	0.3	0.2	-0.1
- Net accumulation of financial assets [c]	-0.5	0.6	-1.9
of which:			
- Privatisation proceeds	M	M	M
- Valuation effects and other [d]	M	M	M
Implicit Interest rate on debt [e]	1.5	1.4	1.5
Other relevant variables			
Liquid financial assets [f]	7.2	7.1	4.8
Net financial debt	37.2	34.3	33.8

Notes:
(a) As defined in Regulation (EC) No 479/2009.
(b) The differences concerning interest expenditure, other expenditure and revenue could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.
(c) Change in liquid assets, government debt securities and loan assets in percentage of GDP.
(d) Changes due to exchange rate movements, and operation in secondary market could be distinguished when relevant or in case the debt-to-GDP ratio is above the reference value.
(e) Proxied by interest expenditure divided by the debt level of the previous year.
(f) Liquid assets are here defined as AF.1, AF.2, AF.3 (consolidated for general government, i.e. netting out financial positions between government entities), A.F511, AF.52 (only if quoted in stock exchange)
M = not applicable
Source: Department of Finance

Contingent liabilities of general government have fallen significantly in recent years and were just 0.1 per cent of GDP in 2022 (**table 9**).

Table 9: Contingent liabilities, per cent of GDP			
	2020	**2021**	**2022**
Public guarantees	0.2	0.2	0.1
of which: linked to the financial sector	0.0	0.0	0.0

Source: CSO

3.4 Additional fiscal data

The war in Ukraine – and the associated surge in energy prices – has had a significant impact on the Irish economy. Fiscal intervention has been necessary to provide humanitarian assistance to migrants fleeing war and to cushion household incomes and firm revenues from the most severe impacts of rising prices.

3.4.1 Fiscal support to address cost of living

A key pillar of *Budget 2024* was the provision of continued assistance to households and firms. As well as permanent adjustments, government has made available temporary supports amounting to € 2.7 billion (0.5 per cent of GDP), net of windfall gains from the energy sector (**figure 2**); 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 2024* – 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 Fiscal costs related to humanitarian assistance for Ukrainian refugees

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 for those arriving in Ireland including the provision of accommodation, social protection, health and education supports.

Since the outbreak of the war, approximately 94,000 people have arrived in Ireland from Ukraine under the EU's Temporary Protection Directive.[8] This equates to 1.6 per cent of Ukrainian refugees in Europe. Those eligible for Temporary Protection have immediate access to the labour market, social welfare, accommodation and other State supports.

[8] Source: United Nations High Commission for Refugees

The exact costs for 2023 are not yet known and will be determined when expenditure is finalised when the expenditure outturn is known. Cost projections are 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. Assumptions include number of arrivals, number of people remaining in Ireland, demographic profile of arrivals, service and support utilisation rates, types of accommodation used, unit cost of accommodation and other services etc.

By September, there were approximately 72,000 Ukranians in State-provided accommodation services with the expectation that this will reach the upper end of projections by the end of the year. The provisional spending on Ukraine and associated services is c. €2.5 billion for 2024. This reflects the increase in demand experienced over 2023. The situation is closely monitored by the relevant Departments with responsibility for service provisions and data in this area.

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

In terms of prioritising green and digital investments, €5 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. Finally, Ireland was successful in the submission of its National Recovery and Resilience Plan as part of NextGenerationEU, with 42 per cent of the investments green-tagged and 32 per cent of funding digital-tagged.

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, with future ORESS auctions taking place within designated go-to areas within Designated Maritime Area Plans (DMAPs) as established via constraints mapping, ecosystem analysis and public participation. The first DMAP is under development on the South Coast of Ireland, with further DMAPs planned on the East and West Coasts. Following the consultation process, the South Coast DMAP will be submitted for Government and Oireachtas approval, to facilitate the next offshore auction in 2024, (ORESS 2.1).

The Department of Environment, Climate and Communications (DECC), in conjunction with the Transmission System Operator (EirGrid) and the Independent Regulator (CRU), 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.

In addition, in 2022 the Government approved capital funding – in the order of €350 million - for EirGrid to provide temporary emergency generation units to ensure security of supply over the coming winters. The Department authorised €151m of the amount allocated for release to EirGrid in line with contractual progress by end year 2022 and the balance was returned to the Exchequer.

Section 4
Comparison with April 2022 Stability Programme

The projection for the general government balance (**table 10**) and general government debt (**table 11**) in this *Draft Budgetary Plan* (the Department's autumn forecasts) with that at the time of the April 2023 Update of Ireland's Stability Programme (the Department's spring forecasts) is set out below.

Table 10: General government balance, per cent GDP

	2022	2023	2024
GG Balance – April Stability Programme	1.6	1.8	2.8
GG Balance – Draft Budgetary Plan	1.7	1.6	1.5
Difference (pp)	0.1	-0.2	-1.3

Source: CSO 2022; Department of Finance forecasts for 2023 – 2024.

Table 11: General government debt, per cent GDP

	2022	2023	2024
GG Debt – April Stability Programme	44.7	40.5	38.2
GG Debt – Draft Budgetary Plan	44.4	41.4	38.6
Difference (pp)	-0.3	0.9	0.5

Source: CSO 2022; Department of Finance forecasts for 2023 – 2024.

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 2024* measures is presented alongside the Budget and summarised below.[9]

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

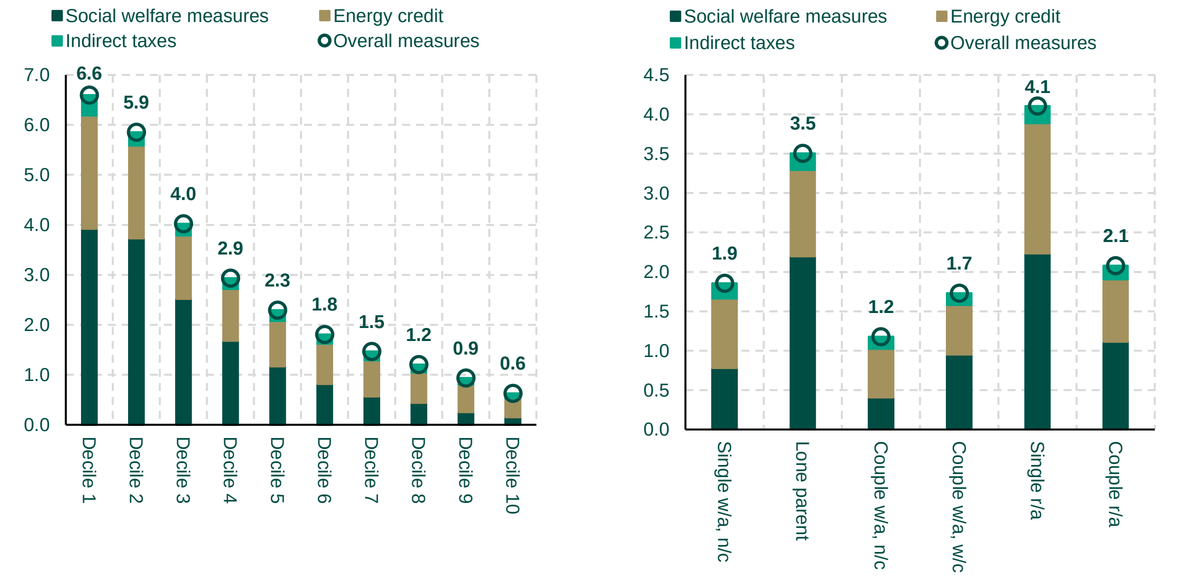
5.2 Approach and results

In addition to the regular policy measures undertaken as part of the budgetary cycle, *Budget 2024* includes a one-off Cost of Living (CoL) package. The CoL package mainly affects the final quarter of 2023 and the first quarter of 2024. The impact of this package is shown separately to the impact of the core *Budget 2024* measures.

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 (A): Department of Finance calculations using ESRI's SWITCH 7.0 micro-simulation programme and ITSim indirect taxes satellite model.

Source (B): Department of Finance calculation using ESRI's SWITCH 7.0 micro-simulation programme and ITSim indirect taxes satellite model.

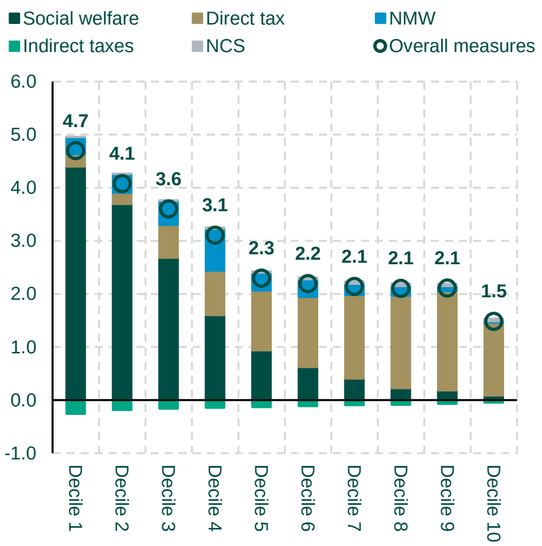
Focusing on the CoL package, income decile 1 experiences the largest gain of 6.6 per cent in weekly disposable equivalised income, followed by decile 2 with a gain of 5.9 per cent (**figure 3A**). This was

[9] See *Budget 2024: Beyond GDP - Quality of Life Assessment,* Department of Finance, available at: https://assets.gov.ie/273351/2f574eb9-1a27-4a1a-a6a7-6c41d3d6f937.pdf

driven by the energy credits and welfare measures. In addition, deciles 3 to 5 experience gains in excess of the overall average for the CoL package of 1.9 per cent. In terms of household type, single retirement age households (4.1 per cent) and lone parents (3.5 per cent) gain the most (**figure 3B**).

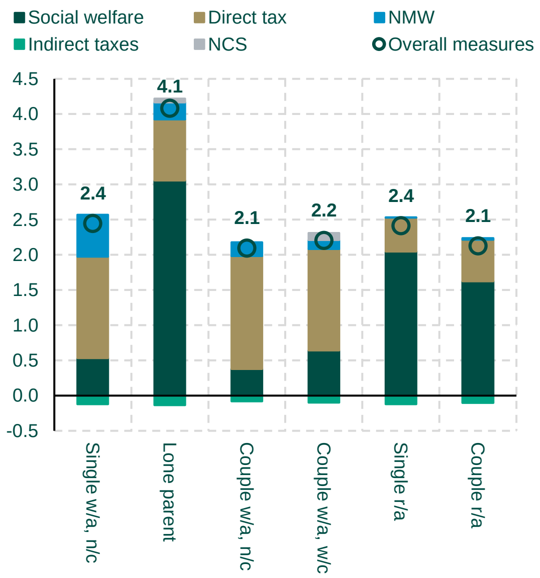
Figure 4: Change in weekly household disposable income due to *Budget 2024* measures

A: income decile, per cent disposable income



Source: Department of Finance calculations using ESRI's SWITCH 7.0 micro-simulation programme and ITSim indirect taxes satellite model.

B: household type, per cent disposable income



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

Source: Department of Finance calculation using ESRI's SWITCH 7.0 micro-simulation programme and ITSim indirect taxes satellite model.

Budget 2024 measures boost the net weekly equivalised disposable income of decile 1 by 4.7 per cent and decile 2 by 4.1 per cent, driven by social welfare measures (**figure 4A**). Decile 1 to 4 experience gains in excess of the overall average of 2.4 per cent for the core budget package. Direct tax measures largely contribute to the gains experienced in deciles 5 to 10. The small regressive impact from indirect taxes is more than offset by the increases in welfare measures, particularly for the first four deciles. Lone parents (4.1 per cent), followed by single retirement age and single working-age households (both 2.4 per cent) gain the most from the core *Budget 2024* measures (**figure 4B**).

5.3 Additional metrics

As well as the model-produced distributional analysis set out above, the Department of Finance also publishes the impact of taxation changes on disposable income of various family-types (**table 12**).

Table 12: Change in gross income by family type, per cent						
	Single person, no children, private sector employee taxed under PAYE Full rate PRSI contributor	Married couple, one income, no children, private sector employee taxed under PAYE full rate PRSI contributor	Married couple, one income, two children, private sector employee taxed under PAYE full rate PRSI contributor	Single person, no children, taxed under Schedule D	Married couple, one income, no children, taxed under Schedule D	Married couple, one income, two children, taxed under Schedule D
Gross Income[10]	Change as % of Net Income[11]					
€	%	%	%	%	%	%
15,000	0.0	0.0	5.4	0.0	0.0	0.0
20,000	1.1	0.0	5.1	1.1	0.0	0.0
25,000	1.1	0.2	5.0	1.1	0.2	0.2
30,000	1.1	1.4	4.8	1.1	1.4	0.3
35,000	1.1	1.3	4.7	1.1	1.3	0.3
40,000	1.0	1.3	4.2	1.0	1.3	1.4
45,000	2.2	1.2	1.3	2.2	1.2	1.3
55,000	2.0	2.1	2.1	2.0	2.1	2.1
65,000	1.9	2.0	2.0	1.9	2.0	2.0
75,000	1.8	1.8	1.8	1.8	1.8	1.8
100,000	1.4	1.5	1.5	1.4	1.5	1.5
125,000	1.2	1.3	1.3	1.2	1.3	1.3
150,000	1.0	1.1	1.1	1.0	1.1	1.2
175,000	0.9	1.0	1.0	0.9	1.0	1.0

Source: Department of Finance

[10] Gross Income does not take account of the increase in the National Minimum Wage (NMW). For example, the NMW increase from €11.30 per hour to €12.70 per hour from 1 January 2024.

[11] Includes the changes in Income Tax, Universal Social Charge, PRSI and Working Family Payments for 2024, but does not include any of the additional cost of living one-off measures. Also, for the purpose of this analysis net income includes Child Benefit and Working Family payments, where relevant.

Section 6
Compliance with country specific recommendations

On 24 May, the European Council adopted the 2023 Country Specific Recommendations (CSRs) for Ireland.[12] The measures that Ireland has taken to address the CSRs, are summarised below (**table 13**), with a focus on measures included in *Budget 2024*.

[12] https://commission.europa.eu/system/files/2023-05/COM_2023_607_1_EN.pdf

Table 13: Country Specific Recommendations and actions taken

Recommendation	Progress to date, focusing on measures included in *Budget 2024*
CSR 1.	
Wind down the energy support measures in force by the end of 2023. Should renewed energy price increases necessitate support measures, ensure that these are targeted at protecting vulnerable households and firms, fiscally affordable, and preserve incentives for energy savings.	A record €356 million in funding has been allocated for residential and community retrofit for 2023 to support the delivery of 37,000 home energy upgrades this year. Of this, €148.5million is allocated to providing free upgrades to households at risk of energy poverty under the Warmer Homes scheme. Separately, a further €87 million has been allocated for energy upgrades in social housing. Ireland will be adding a REPowerEU chapter to its National Recovery and Resilience Plan, as part of the EU's plan to phase out the dependency on Russian fossil fuel imports and to boost the independence and security of the Union's energy supply and accelerate the green transition. Ireland had originally been allocated €90m funding under REPowerEU. Following Commission agreement to transfer €150m from the Brexit Adjustment Reserve Fund (BAR), the chapter is now valued at €240m.
While maintaining a sound fiscal position in 2024, preserve nationally financed public investment and ensure the effective absorption of RRF grants and other EU funds, in particular to foster the green and digital transitions.	The National Development Plan 2021-2030 (NDP), published in October 2021, sets out a 10-year commitment for public capital investment, as well as 5-year capital investment ceilings for each sector. In line with the National Development Plan, Budget 2024 will provide an additional €0.9 billion to bring total available capital expenditure to just over €12.8 billion, the highest level of investment in the history of the State. This will continue the progress and delivery of infrastructure investment across all sectors of the economy made in recent years. Ireland is investing 30% of its ERDF resources on scaling up investment in actions that improve the energy efficiency of residential homes while targeting homeowners in, or at risk of, energy poverty across the regions. EMFAF is supporting increased energy efficiency and use of renewables across the seafood sector, it supports innovation in technology and processes to reduce environmental impact, and measures to protect marine biodiversity and address marine litter. The EU JTF is supporting the just transition in the midlands region of Ireland. The ESF+ is investing in digital and green skills. Ireland's National Recovery and Resilience Plan is based on sixteen investment projects and nine reform measures covering Green, Digital, and Social priorities. Ireland has allocated €518 million to its Green projects, and €291 million to Digital projects.
For the period beyond 2024, continue to pursue investment and reforms conducive to higher sustainable growth and preserve a prudent medium-term fiscal position..	*Budget 2024* has aimed to reinforce the resilience of the public finances over the medium term. As part of the Budget Day announcements, Ireland has committed to establishing two new long-term investment funds that will make use of temporary, windfall corporate tax receipts to prepare for future structural fiscal challenges including the costs associated with an ageing population. Government's budgetary strategy, which keeps public expenditure growth at sustainable levels by limiting net expenditure increases to the trend growth rate of the economy, will ensure that the fiscal position remains on a positive trajectory over the medium-term.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
Ensure the fiscal sustainability of the state pension system by specifying its financing arrangements.	In response to the recommendations from the Pensions Commission, the Government decided in its State Pension reform announcement in September 2022 that, *inter alia*, the long-term sustainability of State Pension system will be addressed through gradual, incremental increases in social insurance rates and the level and rate of increase in these rates will be determined on a structured basis every 5 years informed by the outcome of a statutory actuarial review. In this context, a PRSI Roadmap has been developed with regard to how and when social insurance payment rates should be increased to ensure the long-term sustainability of the Social Insurance Fund. This is currently being considered by Government.
CSR 2.	
Significantly accelerate the implementation of its recovery and resilience plan, also by ensuring sufficient resources, and swiftly finalise the addendum and the REPowerEU chapter with a view to rapidly starting its implementation.	The delivery of Ireland's Recovery and Resilience Plan is well underway, with Ireland submitting its first payment request on 7 September. This first payment request relates to 36 milestones and 5 targets and amounts to €324m. Recruitment has been prioritised and the Implementing Body for the NRRP has gained a significant amount of resources. Ireland is engaging with the European Commission and Departments on a draft REPowerEU programme, with a view to submitting the chapter in October. In terms of implementation of the NRRP, projects have launched and held successful media events, such as NTutorr (National Technological University Transformation for Recovery and Resilience) Project and a subproject of the National Grand Challenge project, presented at the National Ploughing Championships alongside Commissioner Mairéad McGuinness.
Proceed with the speedy implementation of cohesion policy programmes, in close complementarity and synergy with the recovery and resilience plan.	Ireland's ERDF, ESF+, JTF and AMIF 2021-2027 programmes launched in 2023. Programme Monitoring Committee meetings were held for each programme and calls for proposals issued by ERDF, ESF+ and JTF. Separately, EMFAF and PEACEPLUS launched, held initial Programme Monitoring Committee meetings and issued calls for proposals. The Implementing Body for the NRRP sits on the various programme monitoring committees for the above funds, ensuring coordination and synergy between funds.
CSR 3.	
Accelerate investments to speed up the circular economy.	The Circular Economy Innovation Grant Scheme is a multi-annual scheme that directly supports the growth of the circular economy in Ireland by supporting innovation and demonstration circular economy projects. A key objective is innovative projects that will have a direct impact on operating environments, and which can act as demonstrators for others. Funding of €650,000 was allocated to projects under the scheme in 2023. *Circuléire* is a circular manufacturing platform dedicated to the development of innovation and demonstration projects, which are designed to support the transition from a linear to a circular economy. Ireland has committed funding of €1.5 million for *Circuléire* in 2023, to foster and enhance circular economy knowledge, capacity building and implementation by Irish Industry.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	The Circular Economy Fund was established in July 2023 under the Circular Economy and Miscellaneous Provisions Act 2022 to support circular economy and environmental initiatives. Section 11 of the Circular Economy Act, commenced in June 2023, provides the Minister with the power to introduce levies on a range of single use items. The immediate focus is on the introduction of a levy on single-use cups for hot drinks. Regulations to introduce this levy have been published and will be brought into force as soon as is possible. Proceeds from environmental levies will be ringfenced in a Circular Economy Fund to fund projects with circular economy and environmental objectives. The Circular Economy Strategy 2022-2023 and the Circular Economy and Miscellaneous Provisions Act 2022 continue to be implemented on an ongoing basis and provide a policy and regulatory framework for the circular transition. The EPA's Circular Economy Programme 2021-2027 promotes circularity as an economic model and enhances coherence and alignment among national, regional and local activities. The desired outcome is to mobilise businesses, individuals, and the public sector to realise the economic and environmental opportunities presented by increased circularity.
Further develop both waste treatment infrastructure associated with the higher steps of the waste hierarchy and economic instruments to prevent waste and increase reused, remanufactured and recycled content	**Environmental levies** (Non-voted – operates through the Circular Economy Fund) > The Circular Economy Fund was established in July 2023 under the Circular Economy and Miscellaneous Provisions Act 2022 to support circular economy and environmental initiatives. > Section 11 of the Circular Economy Act, commenced in June 2023, provides the Minister with the power to introduce levies and bans on a range of single use items to incentivise people to choose to re-use and to help reduce single-use waste. > The immediate focus is on the introduction of a levy on single-use cups for hot drinks. Regulations to introduce this levy have been published and will be brought into force as soon as is possible. > Proceeds from environmental levies will be ringfenced in a Circular Economy Fund to fund projects with circular economy and environmental objectives. **Deposit Return Scheme** (Non-voted – extended producer responsibility scheme funded by Industry) > Almost 2 billion drinks containers are consumed in Ireland each year. Drinks containers are typically consumed on the go and are often thrown away in mixed waste or littered rather than being recycled. > A national Deposit Return Scheme for beverage bottles and cans is being introduced to encourage more people to recycle drinks containers and help us reach our EU separate collection / recycling target (90%) under the Single Use Plastics Directive.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	> In July 2022, Deposit Return Scheme Ireland (trading as Re-turn) were appointed as the DRS operator and the scheme was officially launched in November 2022. > Re-turn has been working closely with all relevant stakeholders over the course of 2023 in preparation for go live on 1st February 2024.
Develop a more effective system for the separate collection of recyclable waste, including biodegradable waste. Divert waste from landfilling and incineration, with a particular focus on plastic and biowaste.	A national Deposit Return Scheme for beverage bottles and cans is being introduced to encourage more people to recycle drinks containers and help us reach our EU separate collection / recycling target (90%) under the Single Use Plastics Directive. In July 2022, Deposit Return Scheme Ireland (trading as Re-turn) were appointed as the DRS operator and the scheme was officially launched in November 2022. Re-turn has been working closely with all relevant stakeholders over the course of 2023 in preparation for go live on 1st February 2024.
Increase efforts to accelerate investments in the drinking water and wastewater infrastructure.	**Uisce Éireann** has invested a total of €6.4bn 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 €1.9bn. 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 €4.5 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 waste water 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 Waste Water 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. **The 3rd River Basin Management Plan** will shortly be launched. The plan will address all of the pressures impacting on our waters. Protecting and restoring water quality in Ireland will most of all need measures to address the loss of agricultural nutrients to water, continue to improve wastewater treatment and to re-establish natural free-flowing conditions in more rivers.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
CSR 4.	
Reduce overall reliance on fossil fuels. Focus efforts on improving flexibility in the electricity system and improving energy system integration. Design and implement a dedicated strategy for the development of demand-side response and accelerate the roll-out of smart metering infrastructure and smart grid technologies. Streamline the planning and permitting framework for renewables, storage and grid connectors.	**Storage:** There were no specific measures in Budget 2024 to support energy storage. Currently most storage projects in Ireland provide short-term storage and are financed based on system services revenue (DS3) and through the SEM capacity auctions. The 2023 Climate Action Plan set out specific actions to help further develop energy storage, including the publication of a policy framework for electricity storage. This framework is due for publication in Q1 2024. Separately, the CRU has committed to reviewing the regulatory treatment of storage including licensing, charging and market incentives in 2023, this work is ongoing. In addition, Ireland has recently published the National Hydrogen Strategy Statement. Hydrogen has an important role to play in providing the potential for long-duration energy storage, dispatchable renewable electricity, the decarbonisation of some parts of high-temperature processing; as well as a potential export market opportunity. **Upgrading Grid Infrastructure:** The Irish electricity grid is segregated into two parts: the Transmission Network, operated by EirGrid as the Transmission System Operator, and the Distribution Network, operated by ESB Networks as the Distribution System Operator. The Commission for the Regulation of Utilities (CRU) is responsible for, inter alia, the economic regulation of the system operators. The cost of building, safely operating and maintaining the electricity system is recovered by system operators through charges on customers, all of which is overseen and agreed with the CRU. System operator spending is agreed with the CRU in five year cycles, referred to as Price Reviews. The current Price Review, PR5, spans the period 2021 to 2025 and will see a capital investment spend of €4 billion in the electricity network. PR5 comes at an important time for the evolution of the electricity networks and will play an important role in enabling the transition to a low carbon system by 2030. Eirgrid, our Transmission System Operator, in July 2023 published an updated version of “Shaping Our Electricity Future”, which is a plan led approach to deliver an electricity system to meet Ireland’s Climate Action targets and Carbon Budgets while allowing for electricity demand growth. Implementing the required changes at transmission level will see over 350 projects undertaken. ESB Networks, our Distribution System Operator, in January 2023 published their “Networks for Net Zero” Strategy which outlines its commitment to futureproofing Ireland’s electricity network, meeting our 2030 goals, and making the country’s goal of net zero by 2050 a reality. 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 are to review and publish an updated Connection policy by the year end 2023. Work on this review is ongoing and a recent Call for Evidence by the CRU, closed on Friday 30th June. A consultation paper on a new connection policy is expected in the coming months. CRU’s new connection policy is being developed for onshore renewable and conventional generators, storage, and other system services technology projects to connect to the electricity system.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	Renewable Energy Generation Development Indigenous renewable electricity generation will deliver a secure supply of affordable, clean energy, while reducing our dependency on imported fossil fuels, lowering our emissions, and increasing our energy security of supply. For Ireland to maximise our renewable electricity potential we must have a flexible system which supports the use of renewables and minimises the barriers in the permitting and consenting processes. The key measures to deliver this include the transformation of the flexibility of the electricity system, the delivery, and further exploration of, further electricity interconnections, and a more facilitative and supportive planning framework. CAP 23 provides a detailed plan for taking decisive action to achieve a 51% reduction in overall greenhouse gas emissions by 2030 and setting us on a path to reach net-zero emissions by no later than 2050, as set out in the Climate Act 2021. CAP 23 sets very ambitious targets for the electricity sector to achieve by 2030, including: > 80% of electricity demand being met by renewable electricity sources; > 9 GW of onshore wind generation; > 8 GW of solar PV generation; > At least 5 GW of offshore wind generation; and > At least 500 MW of community-based generation. CAP 23 includes a suite of actions to realise the full potential of Ireland's onshore and offshore renewable energy resources, including a commitment to significantly increase the level of installed onshore wind, solar PV, and offshore wind capacity by 2030. These actions seek to transfer the country into an international leader in the development and generation of high-quality renewable energy and aims to set a course for Ireland to achieve a low carbon, climate resilient future through sustainable social and economic development. The Renewable Electricity Support Scheme (RESS) is one of the major Government policies to help deliver on the ambitions in the CAP. RESS is a competitive auction-based scheme which invites renewable electricity generation projects to bid for capacity and receive a guaranteed price for the electricity they generate. These auctions provide pathways for renewable developers to plan and develop their projects. The primary policy of RESS is the delivery of renewable electricity in a sustainable, cost effective and secure framework. Three RESS auctions have been held to date. Further Government policies to secure renewable electricity generation capacity include the Micro-Generation Support Scheme (MSS) and the Small-Scale Renewable Electricity Support Scheme (SRESS). The MSS allows domestic and non-domestic applicants to receive funding to produce and consume their own electricity. The SRESS is targeted at local community-based renewable energy projects and other electricity self-consumers who are too large to qualify for the MSS but too small to qualify for the RESS.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	2022 was a record year for renewable generation connections to our electricity grid, with 700 MW of new renewable generation capacity being added. It is anticipated that 2023 will continue this trend with significant amounts of renewable generation capacity connecting to the grid as the remaining RESS 1 projects and early RESS 2 projects reaching commercial operation. It is expected that Ireland will have approximately 6 GW of renewable electricity generation capacity connected to the grid by the end of 2023. The Renewable Electricity Spatial Policy Framework (RESPF) is being developed to ensure a coherent spatial planning framework for the delivery of increased onshore renewable electricity generation and so to aid Ireland in achieving our ambitious renewable electricity targets. The RESPF will establish a clear framework that will translate national energy policy objectives to the regional level in a consistent manner and will set out regional targets for onshore renewable electricity development to inform spatial plans.
Implement additional measures that support energy efficiency in private and public EN 11 EN buildings to reduce energy bills and energy system costs.	A record €356 million in funding has been allocated for residential and community retrofit for 2023 to support the delivery of 37,000 home energy upgrades this year. Separately, a further €87 million has been allocated for energy upgrades in social housing. A budget of €60 million was allocated to the Public Sector Pathfinder Programme for 2023 for capital projects administered by the Sustainable Energy Authority of Ireland (SEAI), approximately double the amount of funding compared with 2022. Pathfinder is a co-funded retrofit programme, providing capital funding for implementing building retrofit approaches in the public sector. SEAI is working within this Programme with the Higher Education Authority (HEA) and the Further Education and Training (FET) sectors, the Office of Public Works (OPW) the Health Service Executive (HSE), the Department of Education (schools) and the Local Authority sector. There is a specific “Reduce Your Use” campaign for Winter (October-March) for the public sector. The campaign was first run 2022/23 and is being run again in Winter 2023/24. The purpose of the campaign is to ensure that public sector bodies actively manage energy use and implement actions that reduce energy consumption in their organisation and implement energy awareness campaigns to ensure ongoing awareness and behavioural change amongst employees. In April 2022, Ireland published the National Energy Security Framework. The Framework committed to the development and implementation of a national public awareness campaign (“Reduce Your Use”) to deliver transparent, timely and helpful information in relation to energy costs and security to the general public. The national campaign was developed to educate the general public on how best to reduce their energy costs and use. The campaign has been informed by extensive research and analysis.

Table 13: Country Specific Recommendations and actions taken

Recommendation	Progress to date, focusing on measures included in *Budget 2024*
Accelerate the installation of public charging points for zero-emission vehicles.	The Government is fully committed to supporting a significant expansion and modernisation of the electric vehicle (EV) charging network over the coming years. Having an effective and reliable charging network is an essential part of enabling drivers to make the switch to electric vehicles. Home charging is the primary charging method for most Irish EV owners as it is convenient and cheaper for the consumer as well as assisting in the overall management of the national grid. Over 80% of charging is expected to happen at home. However, there is also a need for a seamless public charging network that will provide for situations or instances where home charging is not possible, such as on-street and residential charging, destination charging and workplace charging. Zero Emission Vehicles Ireland (ZEVI), a dedicated Office which oversees and accelerates Ireland's transition to zero emission vehicles, has significant funding available in 2023 for the installation of EV charging across Ireland. In January, the Minister for the Environment, Climate, Communications and Transport launched the national Strategy for the development of EV charging infrastructure, covering the crucial period out to 2025, alongside an Implementation Plan. The strategy sets out the government's ambition regarding the delivery of a public EV charging network to support up to 195,000 electric cars and vans by the middle of the decade. A range of new charging infrastructure schemes are being developed which will help provide another critical link in the overall network for public charging. Destination Charging is a strong priority for ZEVI. In addition to a general scheme, a number of bespoke schemes are also in advanced stages of development and delivery, including: > A shared Island funded Sports Club scheme, which will install up to 200 fast chargers > An EU Just transition Fund supported scheme, which is planned to install 60-80 chargers These circa 300 sites, in addition to those under other destination schemes currently planned will be delivered in 2024 and 2025. Additionally, ZEVI has been engaging extensively with Local Authorities to develop their EV Infrastructure Strategies for Destination and Residential neighbourhood chargers. Local Authorities as part of their strategy development and implementation planning will identify locations and optimum sites where these types of chargers are required. ZEVI is currently engaging with Local Authorities and looking at potential direct multi annual funding options for Local Authorities to install both Destination and Local neighbourhood Charging Projects. It is anticipated that Phase 1 projects will commence roll out in 2024.

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	Minister Ryan launched The National En-Route EV Charging Network Plan last month. This is the first element of the National EV Charging Network Plan which, will cover all publicly accessible EV charging in the country. The National En-Route EV Charging Network Plan and associated initiatives will drive the delivery of charging infrastructure on the National Road Network. The Plan sets out ambitious targets for the level and coverage needed for En-Route charging on our national roads network. We are already seeing significant increased capacity of EV charging on our national roads, and this plan provides additional reassurance and certainty for EV drivers and those thinking of making the switch to EVs that they will be able to find high powered, fast and convenient EV charge-points where and when they need them. The Plan sets out a provision of EV charging that will be ahead of demand and meet European requirements for charging electric cars, LGVs and HGVs by 2025 and 2030. The implementation of this Plan through enhanced grid connections, funding interventions and enabling measures will remove barriers and accelerate the delivery of high-powered EV charging. ZEVI is currently developing the National Destination and Neighbourhood Network Charing Plan which is planned to be launched for public consultation in Q1 2024. This plan provides a pathway for delivery of public electric vehicle (EV) charging infrastructure at destinations in residential neighbourhood areas, in line with both national and European ambitions for cleaner transportation. It will be accompanied by a set of potential commitments on investment, regulation, and policy instruments over the coming years, removing barriers to the adoption of passenger cars, LDVs and HGVs.
Step up policy efforts aimed at the provision and acquisition of the skills needed for the green transition.	Ireland recently developed a Regional Dialogue Initiative to emphasise the importance of a more unified tertiary system for regional development and progress as well as the potential to further align the work of sectors with Government priorities such as climate action. Specifically, one of the agenda items for the dialogue meetings focused on Transitioning to a Low Carbon and Climate Resilient Region' where attendees, which included presidents of higher education institutes, CEOs of Educational Training Boards, and directors of SFI research centres, discussed with senior Government officials how the strength and influence of the tertiary sector could be mobilised as learning, research and innovation hubs to drive cross-sectoral collaboration, including ensuring the provision and acquisition of the skills needed for the green transition. **Skillnet Ireland** Skillnet Ireland developed its Climate Ready initiative in partnership with industry to equip businesses with the skills they need to respond to climate change. Climate Ready offers several pathways for businesses to build sustainable operating models and develop green talent. Since 2021, the Climate Ready initiative has supported nearly 8,000 learners in the acquisition of skills needed for the green transition. In 2023, Skillnet Ireland is allocating over €5m to the Climate Ready initiative to provide upskilling in emerging technologies and expansion of programmes to include sustainable finance, green tech and responding to climate change. The Climate Ready initiative comprises three elements:

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	> Climate Ready Academy; > Climate Ready cluster of 3 Skillnet Business Networks – GreenTech Skillnet; Lean & Green Skillnet; Sustainable Finance Skillnet; and > Climate Ready Industry Insights. **Climate Ready Academy** provides a series of Leaders training programmes in Energy, Waste, Transport, Circular Economy and Sustainability. In 2022, the Climate Ready Academy launched its first industry-led stackable Micro credentials programme in the area of climate action in Ireland which is accredited by the University of Limerick. The **Climate Ready Cluster** is dedicated to developing specialist talent and skills needed by businesses in areas ranging from renewable energy, sustainable finance, green technology, wind energy, offshore wind, waste management and clean water and sustainability leadership and strategy. The **Climate Industry Insights** provides research on topics related to businesses becoming climate readiness and sustainability. For example, Green Tech Skillnet published a report in 2022 entitled “Hydrogen and Wind Energy: The role of green hydrogen in Ireland’s energy transition”. **Green Skills in Further Education and Training** The SOLAS Green Skills for FET Roadmap 2021-2030 has 3 objectives: > Green Skills for Life is to create awareness of climate justice, sustainability and bioeconomic issues across FET learners, FET staff and school students. > Green Skills for Construction focuses on the built environment with training and upskilling for those in construction occupations in the latest green technologies. > Green Skills for Careers develops opportunities in the green economy for the employed, unemployed and those within vulnerable sectors. In line with these objectives, SOLAS is working to expand green provision in the 16 ETBs with over 75 programmes delivered through flexible learning options including face-to-face, online and blended learning format. The programmes range from specific skills training, upskilling and reskilling, to Post-Leaving Certificate (PLC) courses, Back to Education Initiatives (BTEI groups), Adult and Community Education Groups, Traineeship and Apprenticeship in areas such as Environmental Sustainability Awareness, Climate Justice, Green Construction, Biodiversity and Ecology and Renewable Energy. **Near Zero Energy Building (NZEB)/Retrofit Training:** Ireland’s FET sector is playing a lead role in developing the skills required for the green transition in the built environment. Training in NZEB and retrofitting is delivered through more than fifty programmes running in four established NZEB Centres of Excellence operated by Waterford and Wexford Education and Training Board (WWETB), Laois and Offaly Education and

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	Training Board (LOETB), Limerick Clare Education and Training Board (LCETB), and Cork Education and Training Board (Cork ETB). Two further centres are scheduled to open in Mayo-Sligo-Leitrim ETB and City of Dublin ETB. The number of workers availing of these opportunities has increased steadily since the first centre opened in 2020. Numbers have risen from 363 to 793 enrolments in 2021 and to a record 2,034 enrolments in 2022. Enrolments from January to end August 2023 are 2,056. **Skills requirements for Offshore Renewable Energy** The Irish Government's Offshore Wind Delivery Taskforce has been established to accelerate and drive delivery and capture the wider and longer-term economic and business opportunities associated with the development of offshore renewables in Ireland. It includes the Offshore Wind Energy Programme, which has a dedicated workstream for skills and workforce, co-chaired by two Government Departments. This workstream's objectives include defining skills and workforce needs; ensuring a sustainable pipeline of suitably qualified individuals to progress Ireland's offshore wind ambitions; and attracting workforce internationally where required. In collaboration with Greentech Skillnet, the enterprise-led network facilitating the workforce and development needs of the Irish renewable energy industry, it is undertaking a detailed skills assessment report for the development of offshore wind. This is expected to be completed by October 2023. In addition, the workstream has convened an Expert Advisory Group on Offshore Wind Skills, comprising members from government departments, agencies, further and higher education, research, and industry. This group meets every 6 weeks. The work of the EAG, combined with the detailed skills assessment report, will inform planning and actions around skills development for offshore wind in the coming years. **Springboard+ and Human Capital Initiative** Springboard+ and the Human Capital Initiative (HCI) play a vital role in the response to the green transition by providing funding for programmes in areas that promote green skills within the Higher Education system to support a more sustainable enterprise sector which will provide the skills needed to reach the ambitious 2030 targets for energy efficiency and decarbonisation. Springboard+ 2023 and Human Capital Initiative (HCI) Pillar 1 was launched on 7th June 2023. Under Green Skills, Springboard+ and Human Capital Initiative Pillar 1 are providing a combined total of 1,146 places on 42 courses in Green Skills or Green Skills related areas for the academic year 2023/24. These courses are open to the employed, unemployed, recent graduates and returners subject to meeting eligibility criteria. Further information on courses, eligibility criteria and how to apply can be found on www.springboardcourses.com. HCI Pillar 3 has 12 projects that are related to Green Skills. Four are directly Green Skills-focussed projects (€19,068,792 for 2020-2024), which will promote innovative and responsive models of programme delivery, and will enable the higher education

Table 13: Country Specific Recommendations and actions taken	
Recommendation	**Progress to date, focusing on measures included in *Budget 2024***
	system to respond rapidly to changes in both skills requirements and technology in the construction sector. These projects include Sustainable Futures, Digital Academy for Sustainable Built Environment (DASBE), Ireland's Knowledge Centre for Carbon and Climate, and Resilient Design Curricula for 21st Century. Further information can be found on https://hea.ie/assets/uploads/2023/06/HCI-Pillar-3-Midterm-Evaluation-Report.pdf

Annex 1 – Methodology

Table A1: Methodological aspects

Estimation Technique	Step of the Budgetary Process	Relevant features of the model	Assumptions
Demand side forecasting	In advance of endorsed and final budgetary forecasts	Iterative-analytic approach: several partial models based on various national account outputs.	Technical assumptions on trading partner growth, exchange rates and commodity prices are assumed.
Supply side forecasting	In advance of endorsed and final budgetary forecasts	Potential GDP is modelled as per the harmonised methodology endorsed by the EPC. Additional estimates of potential output are produced based on the Department's preferred methodology (see https://www.gov.ie/en/publication/65c119-estimating-irelands-output-gap/)	Supply side variables modelled endogenously to 2023 in line with Commission approach with mechanical closure of the output gap between 2024 and 2026.
Tax forecast	In advance of final budgetary forecasts	Iterative-analytic approach: partial models based on relationship of tax trends to macro variables	The short-term impact of tax policy changes is included

Source: Department of Finance forecasts

Annex 2
Interaction with the Irish Fiscal Advisory Council

Irish Fiscal Advisory Council

Irish Fiscal Advisory Council,
Whitaker Square (ESRI Building),
Sir John Rogerson's Quay,
Dublin D02 K138,
Ireland.

28 September 2023

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 2024 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 26th September 2023.

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 2024* covering the years 2023 to 2030.

The Council is satisfied that the forecasts are within an endorsable range taking into account the methodologies used and the plausibility of the judgements made. While this endorsement comes at a time of risks to the economy from external developments, there are also ongoing risks related to capacity constraints domestically. These include the challenges posed by an exceptionally tight labour market.

The Council welcomes the Department's engagement and transparency during the 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, due in December 2023.

Yours sincerely,

Professor Michael McMahon
Acting 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 3 – Additional fiscal data

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

	2023	2024
General government balance	1.8	2.2
General government balance, exc. windfall CT~	-0.2	0.3

~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

	2022	2023	2024
Expenditure on EU programme matched by EU funds	0.1	0.2	0.1
Cyclical unemployment benefit expenditure*	-0.0	-0.0	-0.0
Effect of discretionary revenue measures**	0.1	0.0	-0.1
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). These figures include the impact of non-indexation, which differs from the approach in table 6.
M= not applicable
Source: Department of Finance.

Annex 4 – Detailed taxation measures in *Budget 2024*

Table A4: Tax measures for introduction in 2024, € million

Personal taxation: supporting workers	First year Cost/Yield	Full-year Cost/Yield
Income tax	-975	-1,135
: increase of €2,000 in income tax standard rate cut-off point		
: increase of €100 in the Personal Tax Credit		
: increase of €100 in the Employee Tax Credit		
: increase of €100 in the Earned Income Credit		
: increase of €100 in the Home Carer Tax Credit		
: increase of €100 in the Single Person Child Carer Tax Credit		
: increase of €200 in the Incapacitated Child Tax Credit		
USC	-315	-365
: increase the 2% rate band ceiling by €2,840		
: reduce the 4.5% USC rate to 4%		
: extend the reduced rate of USC concession for medical card holders to 31/12/2025	-35	-35
Sea-going naval personnel tax credit	- 0.5	-
: extend sea-going naval personnel tax credit to 31/12/2024		

Supporting Enterprise, SMEs, agri-sector and climate	First year Cost/Yield	Full-year Cost/Yield
Angel Investor Capital Gains Tax Relief		
: provide new relief for eligible investments in innovative start-ups[13]	-	-55
Capital Gains Tax Retirement Relief [14]		
: increase the age limit from 66 to 70 and introduce a limit of €10 million on the relief available for disposals	-	-21
Relief for Investment in Corporate Trades		
: standardise the EII minimum holding period, increase the EII investment limit and provide for EU General Block Exemption Regulation amendments	-	-
Research and Development Tax Credit[15]		
: increase the rate from 25% to 30% and increase the year one payment threshold from €25,000 to €50,000	-	-27

[13] No cost for this relief until 2027 as investment must be held for a minimum of 3 years.
[14] No cost for these changes until 2025.
[15] Cost shown is net of yield from Pillar Two taxation of R&D tax credit. No 2024 cost as claims in respect of 2024 expenditure will be filed in 2025.

Accelerated Capital Allowances – Energy Efficient Equipment (ACA EEE)[16]		
: extend scheme to 31/12/2025	-7	-
Section 481 Film Relief		
: increase the cap on eligible expenditure from €70 million to €125 million.	-10	-53
Microgeneration of Electricity		
: increase in exemption from €200 to €400	-4.5	-4.5
VAT Registration Thresholds		
: increase the registration thresholds for goods and services	-5	-6
Consanguinity (Stamp Duty) Relief		
: extend relief to 31/12/2028	-27	-27
Accelerated Capital Allowances – Farm Safety Equipment		
: extend accelerated wear and tear allowances to 31/12/2026	-1	-1

Young Trained Farmers and Succession Farm Partnerships		
: increase limit from €70,000 to €100,000	-0.5	-0.5
Registered Farm Partnerships		
: increase maximum amount of stock relief that can be claimed from €15,000 to €20,000	-0.1	-0.1

Supporting Housing	**First year Cost/Yield**	**Full-year Cost/Yield**
Help to Buy		
: amend to include units purchased under the local authority affordable purchase scheme and extend the Help to Buy scheme to 31/12/2025	-6	-181
Rented Residential Relief		
: introduce rental income relief for landlords of €3,000 for 2024[17]	-45	-160
Rent Tax Credit		
: increase tax credit for private tenants[18] to €750 and extend eligibility for students in "digs"	-88	-88

[16] The scheme provides for an acceleration of existing allowances, therefore is net cost neutral over the life of the asset.

[17] Relief will apply at the standard 20% rate. The relief will be €3,000 for 2024, €4,000 for 2025 and €5,000 for 2026 and 2027, which is equivalent to a tax credit for landlords of up to €600, €800 and €1,000 respectively. Scheme to end in 2027. Further conditions apply.

[18] For those not in receipt of other State housing supports.

Vacant Homes Tax		
: increase to five times the property's LPT charge	-	1

Indirect taxation	**First year Cost/Yield**	**Full-year Cost/Yield**
VAT		
: apply zero VAT rate for audiobooks and ebooks	-2.5	-3
: apply zero VAT rate for solar panels for schools	-0.5	-0.5
: increase Fund for VAT Charity Compensation Scheme	-5	-5
: reduce flat-rate compensation for farmers to 4.8%	15	18
Excise Duty		
: increase of 75c on pack of 20 cigarettes : pro-rata increase on other tobacco products.	7.5[19]	68

Carbon Tax	**First year Cost/Yield**	**Full-year Cost/Yield**
Carbon Tax[20,21]	117	152
: increase rate from €48.50 to €56.00 per tonne of CO_2		
: apply new rate to auto fuels from 11/10/2023 and all other fuels from 01/05/2024		

Other tax measures	**First year Cost/Yield**	**Full-year Cost/Yield**
: extend VRT relief for battery electric vehicles to 31/12/2025	-27	-30
: increase threshold for donations of Heritage Items	-1	-1.5
: amend the Defective Concrete Products Levy to exclude precast products	-7	-7
: introduce a revised Bank Levy for 2024	200	
: compliance	120	120

Cost of living measures	**2023**	**2024**
: extend MOT rate reduction to 31/03/2024; restore half 01/04/2024 and half 01/08/2024	-49	-122
: extend 9% VAT rate for gas and electricity to 31/10/2024	-	-315
: introduce one year mortgage interest tax relief	-	-125
: extend BIK relief of €10,000 applied to Original Market Value Deduction for certain categories of vehicles to 31/12/2024	-	-
: extend tapering mechanism applied to BIK relief for Electric Vehicles of €35,000 to 31/12/2025, €20,000 in 2026 and €10,000 in 2027	-	-

[19] First year cost for cigarettes is 2023, as the measure has effect from day after budget

[20] VAT exclusive revenue.

[21] Revenue from carbon tax increases are fully hypothecated to specific spending commitments. For details please see the Expenditure Report 2023.

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