Rialtas na hÉireann
Government of Ireland

The Budget in Brief
Your guide to Budget 2026

Prepared by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation
gov.ie/budget | #Budget2026

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Welcome to the Budget in Brief

This guide provides a high-level overview of Budget 2026.

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

This guide aims to explain how money will be raised and spent in 2026. It has an easy-to-use format so that it can be used by a wide cross-section of society. This will enable people to take part in informed debate about the choices made by Government.

This guide provides a high-level overview of Budget 2026. If you would like to know more about any information found in this guide, visit www.gov.ie/budget where a range of more in-depth material is available to download.

What is the Budget?

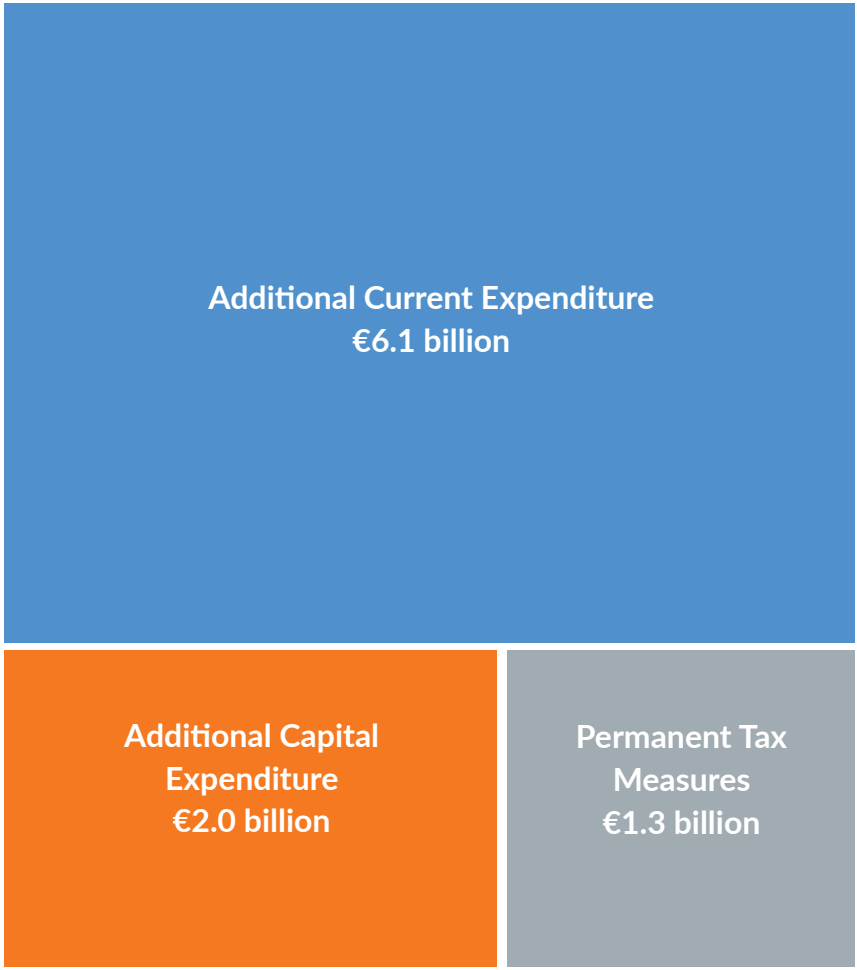
In autumn of each year, the Minister for Finance and Minister for Public Expenditure, Infrastructure, Public Service Reform and Digitalisation announce the Government's spending, tax and borrowing plans for the following year.

This is called the National Budget.

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

Overall Breakdown of Tax and Expenditure Measures

Budget 2026: Strengthening our Foundations for the Future



The Budget Process

Annual Report Progress

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

Summer Economic Statement

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

National Economic Dialogue

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

Fiscal Monitor

The Fiscal Monitor is published every month. It shows how much money the Government took in through tax measures and spent in the previous month. The Fiscal Monitor supports transparency and underpins timely effective budgetary oversight throughout the year.

White Paper on Receipts and Expenditure

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

Social Welfare and Pensions Bill and Finance Bill

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

Budget Day

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

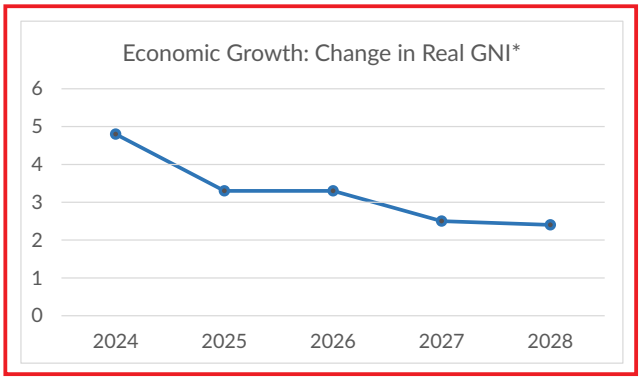
Revised Estimates Volume

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

How is the Economy Doing?

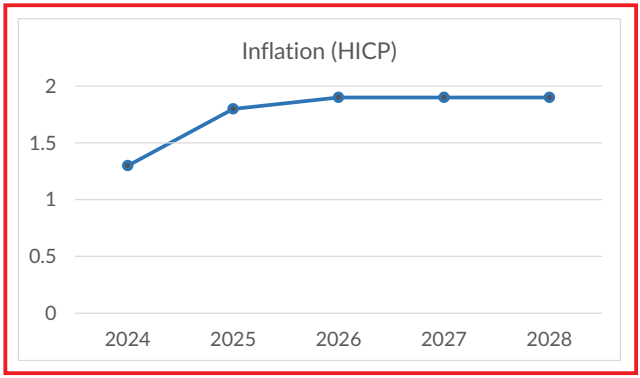
Economic Growth

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



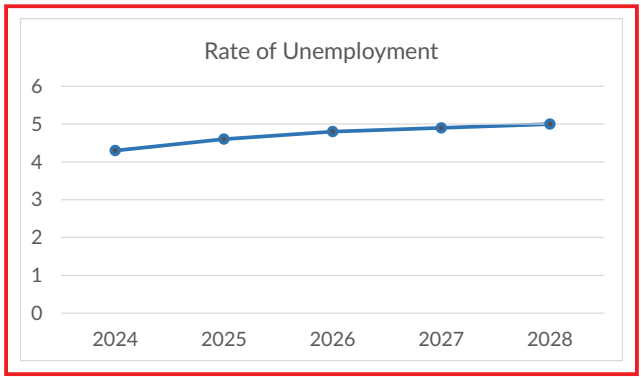
Inflation – the changing cost of living

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



The Labour Market – Unemployment

There are over 2.8 million people employed in Ireland – this reflects an increase of 63,900 over the same period last year. The unemployment rate reflects those that are not in work but are available for work, as a percentage of the total labour force.



The Labour Market – Growth in Wages

Average wages have been increasing in Ireland, and are expected to continue to grow in the coming years. Wages are increasing due to our strongly performing labour market. 'Real average wages' (wages adjusted for inflation) are expected to be higher in 2026 than they were prior to the inflationary period, reflecting real gains for workers.

Source: Department of Finance

Where Does the Money come from?

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

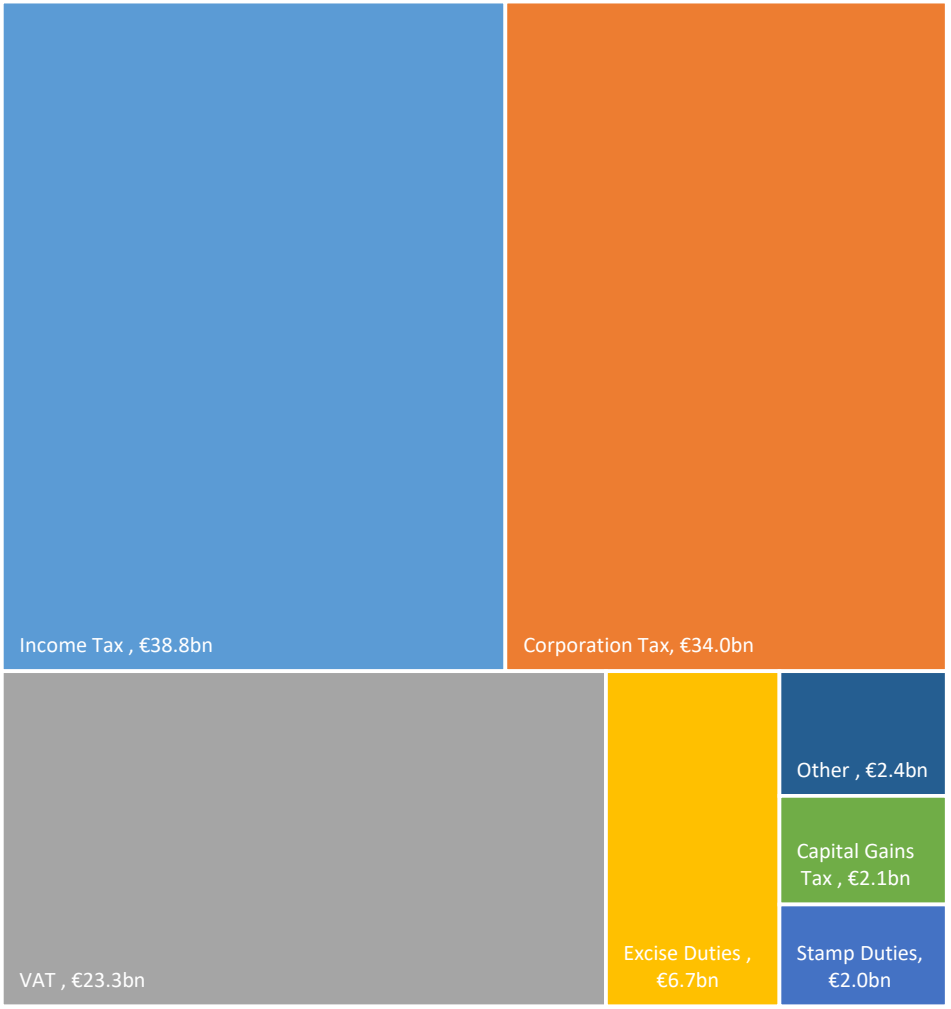
Government receives money from a number of sources, with most of this coming from tax revenue and Appropriations-in-Aid.

- Tax revenue is paid by people and businesses (e.g. Income Tax, Corporation Tax).

- Appropriations-in-Aid are the money generated by Government Departments and bodies for their own use.

This chart shows how the size of the three largest tax revenue sources changes between 2024 and 2026, with remaining sources grouped in the 'Other Revenue' category:

This chart shows a breakdown of the amount of money that Government expects to raise through each tax revenue source in 2026. The larger the rectangle, the greater the portion of revenue raised by that source.



Other: projections for 2026 are as follows:

- Motor Tax.....€0.8 billion
- Capital Acquisitions Tax.....€0.9 billion
- Customs.....€0.6 billion

How is the Money Spent?

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

It can be divided into current and capital expenditure.

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

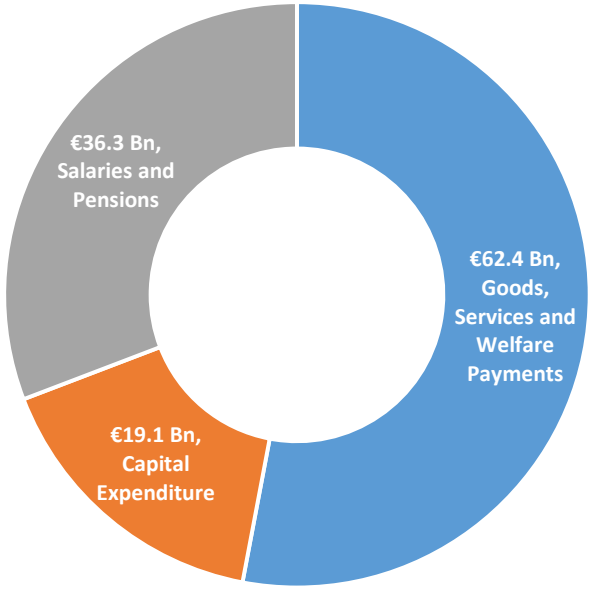
Current expenditure covers day-to-day spending by Government departments, agencies and non-commercial state bodies and includes the wages and pensions of public servants.

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

2026 Voted Expenditure

€117.8 Billion

This chart shows how Voted Expenditure of €117.8 billion for 2026 is broken down between spending on goods and services, salaries and pensions, and capital expenditure.



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

2026 Non-Voted Expenditure

€15.9 Billion

Delivering Better Public Services

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

Enhancing service delivery for people living in Ireland through increased staffing:

- The number of people working in the public sector has increased by 66,500. This includes key frontline service areas such as the health, education and justice sectors.
- An extra 19,194 teachers and Special Needs Assistants (SNAs) have been hired in the education sector. There were 78,111 teachers and 22,637 SNAs in Irish schools in 2024.
- The health service now has 28,500 more staff, including more doctors, nurses and other healthcare workers.

Reducing the costs for people accessing services:

- Costs for childcare have been reduced through the Core Funding Scheme. At the same time the number of children benefitting from the National Childcare Scheme increased by 141,000 to 219,000 in 2024.

- Reduced fares on public transport, including the Young Adult Card, and the ninety-minute fare.

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

More citizens qualify for services and supports

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

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

- It is now easier to qualify for free GP visits and medical cards, with over 2.3 million people eligible for free GP visits.

National Development Plan and Infrastructure

The National Development Plan (NDP) is the government's plan to build the infrastructure Ireland needs as its population grows and changes. It explains how money will be spent on infrastructure like houses, roads, hospitals and more to support the country's economy, society and environment.

In July 2025, the government published an updated NDP, which sets out how much money will be spent on infrastructure between now and 2035. This is the biggest infrastructure investment in Ireland's history. There are three key areas which are needed to allow other building projects to go ahead: water, energy and transport. Ensuring that these sectors have enough funding means that we can build new homes, hospitals and schools.

The government has committed to spending €275.4 billion on infrastructure over the next 10 years, with €102.4 billion planned for the next five years.

This includes:

- €3.5 billion in equity funding to ESB Networks and EirGrid. This money will be used to attract even more investment (multiples of that amount) to improve Ireland's electricity network
- €12.2 billion for water services, including drinking water and wastewater
- €24.3 billion for transport, including low-carbon projects like Metrolink

Each department will publish their plans for how they will spend this money over the next five years. Their priority will be making sure that these plans are realistic, support value for money and will better the lives of our people.

However, money alone isn't enough. The speed of infrastructure is too slow to keep pace with how our population and economy is growing. A report published by the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation in July 2025 highlights why. The challenges include:

- Problems with Ireland's regulatory, planning and legal systems
- Limited capacity and productivity in the construction sector
- Risk aversion and poor co-ordination between different parts of government
- Lack of public support for infrastructure projects

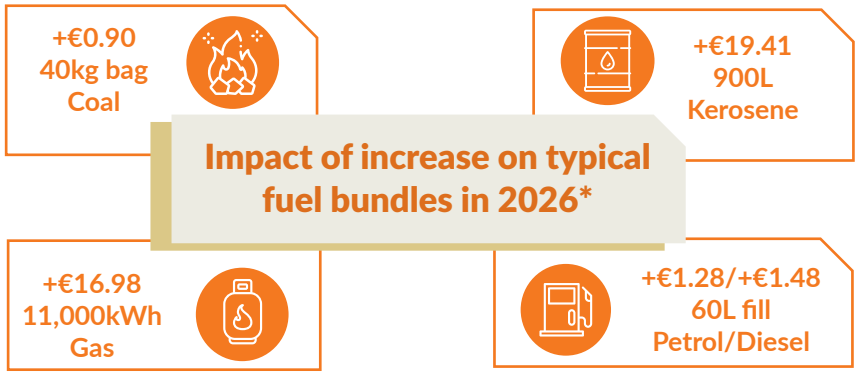
A targeted action plan is in development to address these barriers, with a taskforce of independent experts. This plan will be published in November. The resulting actions will be undertaken across the government and will be monitored carefully to ensure their success.

If you would like more information on the NDP, visit www.gov.ie/2040

Tionscadal Éireann
Project Ireland
2040

Climate Action and Carbon Tax

There will be a €7.50 increase on the current rate of Carbon Tax applied per tonne of carbon dioxide emissions. This will bring the rate up to €71 per tonne. Carbon Tax will increase by the same amount in every budget until 2029 and will reach €100 per tonne in 2030. The increase will be applied to petrol and auto diesel from midnight on budget night (i.e. from 8 October 2026) and all other fuels from 1 May 2026.



€1,114 million

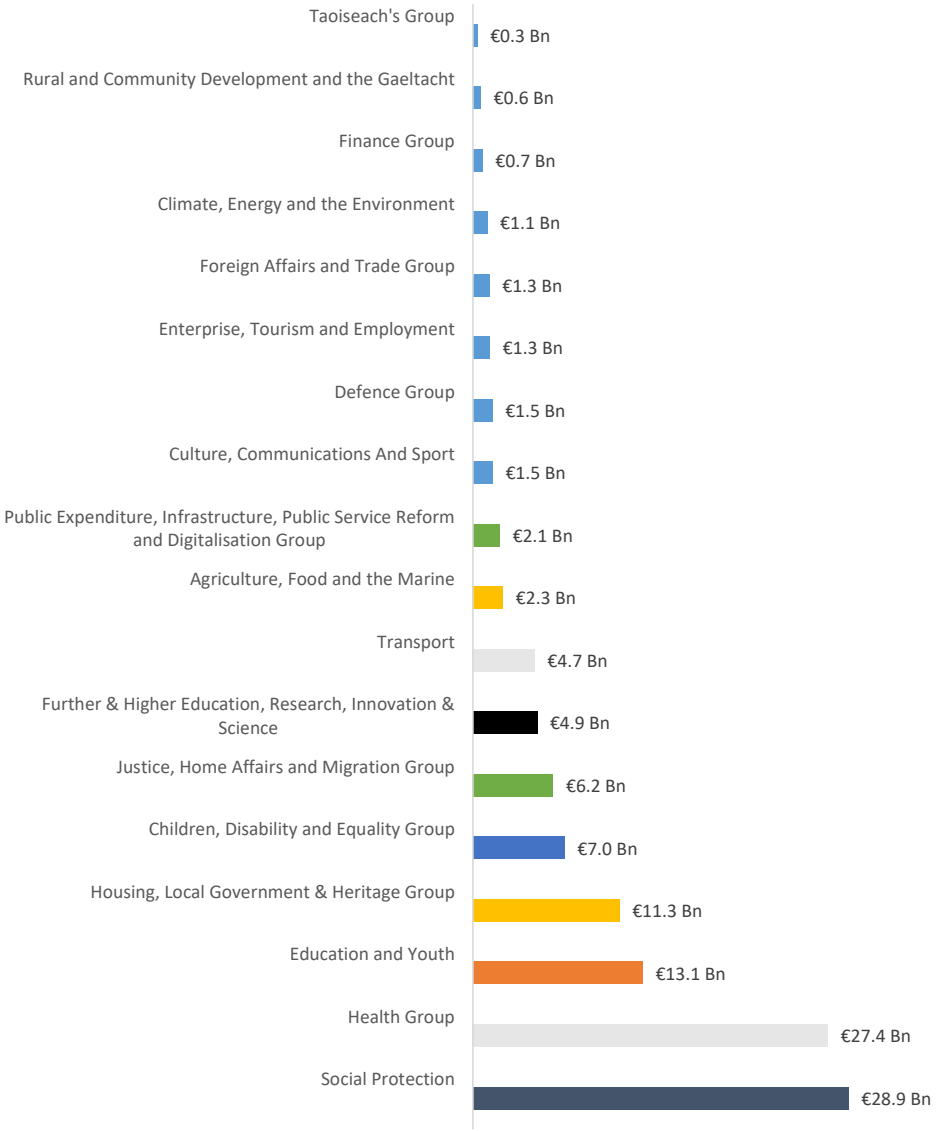
- €566m investment in residential & community energy efficiency and other Dept of the Climate, Energy and the Environment programmes.
- €350m on targeted social protection interventions.
- €173m on incentivising farming in a greener & more sustainable way.
- €20m for greenways and active travel, electric vehicles grants and infrastructure.
- €5m for peatlands rehabilitation.

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

** From Department of Finance Tax Strategy Group Paper 25/10. VAT is calculated at the standard rate of 23% for diesel and petrol and the reduced rate of 13.5% for heating fuels. The Commission for Regulation of Utilities (CRU) estimates the average household usage of natural gas at 11,000 kWh per annum.*

Voted Expenditure 2026

This chart shows the amounts of money that will be available for different policy areas in 2026 (in € billions).



Key Expenditure Measures

€2.9 billion to deliver thousands of new build Social Homes and the second-hand acquisitions programme.

€558 million in carbon tax revenue for residential and community energy upgrade schemes.

A €10 euro increase in weekly social protection payments, including for pensioners, people with disabilities, carers, jobseekers and lone parents, with proportionate increases for qualified adults.

The Working Family Payment income thresholds will increase by €60 per week for all families.

Increase in the Carer's Allowance income disregard of €375 to €1000 for a single person and of €750 to €2000 for a couple.

The weekly Child Support Payment rates will increase by €8 for children under 12 and by €16 for children over 12.

€940 million has been allocated for our Public Transport services to support our public transport network, connecting communities and peoples access to education, work and leisure.

Over 285,000 children set to benefit from the National Childcare Scheme, an increase of approximately 35,000 children.

Over 105,000 children benefitting universal Early Childhood Care and Education.

An increase in acute hospital capacity of at least 220 beds.

At least 280 community beds, continued investment in the community nursing units refurbishment programme and reductions in community waiting lists.

An increase in the number of Home Support Hours of 1.7 million hours.

Over 9,000 people will receive the residential care they need, including 250 new placements next year.

1,400 young people finishing school will be supported with day service places, along with 50 additional places for older adults.

Close to 10,000 overnight and 15,000 day respite sessions will be provided.

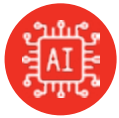
1,717 additional SNAs for students with Special Educational Needs.

A new DEIS Plan and a new DEIS Plus scheme, supporting children at risk of educational disadvantage.

An increase in the standard capitation rates paid to schools.

Increased funding for apprenticeship training to meet the skills needs of the economy including for housing and climate action.

€500 permanent reduction to the student contribution fees, benefitting close to 108,000 students in the academic year 2025/26.



€1.4 million will be provided to establish a National Artificial Intelligence Office.

Increased funding for Enterprise Ireland to support Irish businesses in scaling innovation and creating high-quality jobs.

Increased funding to the IDA to continue to attract Foreign Direct Investment to our shores.

Expansion of Ireland's missions abroad, totalling 107 in 2026.

Increase of €30 million to our official development aid.

€85 million in funding for the rollout of the Bovine TB Action Plan.

Increase of €20 million in funding for the ACRES scheme, which supports 53,800 farmers.

A successor to the pilot Basic Income Scheme for the Arts to begin next year.

€3 million in additional support to establish League of Ireland football academies.

€1.6 million in increased funding to our intercounty Gaelic games players.

Commencement of a new Dublin-Derry airlink.

An increase of €3.8 million for the PEACEPLUS Programme to support cross-border projects.

€3.5 million in increased current funding for Gaeltacht and Irish Language Support Schemes.

Funding for the recruitment of up to 1,000 trainee Gardaí in 2026.

€11.5 million for Domestic and Gender Based Violence initiatives in 2026.

Funding for an additional 400 Permanent Defence Force members and 50 civilian roles.

Key Tax Policy Measures

9% VAT on gas and electricity to 31 December 2030

9% VAT on food, catering and hairdressing services from 1 July 2026

Increase in Research and Development Tax Credit to 35%

9% VAT on sale of apartments

Enhanced Corporation Tax Deduction for Apartment Construction Expenses

Expansion and Enhancement of Living City Initiative

Increase in the USC Middle threshold by €1,318

Decrease in Tax on Certain Investments to 38%

Extend Rent Tax Credit to 31 December 2028

Increase in the Excise Duty and VAT on a pack of cigarettes by €0.50

Increase in lifetime limit for revised entrepreneur relief to €1.5 million

Extension of the tax deduction for manufacture of Uilleann Pipes and Irish Harps

Where can I find out more?

Budget website

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

Where Your Money Goes

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

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

We are currently running a survey to make the website more useful for its visitors. We'd love to hear your feedback at www.whereyourmoneygoes.gov.ie.

Project Ireland 2040

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

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

If you want to see how much money each department is getting, learn how public projects are checked for value and find out what projects are happening near you, visit gov.ie/2040

Public Service Performance Reporting

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

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

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