

The logo for verFides, featuring the word 'verFides' in a white, sans-serif font. The 'v' and 'F' are lowercase, while 'erFides' is uppercase. The background of the entire page is a dark, blue-tinted photograph of a modern bridge structure with a complex steel framework, set against a city skyline at night.

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Irish Budget 2027

The Minister for Finance, Simon Harris, presented Budget 2027 on 6 October 2026. The Budget combines measures intended to ease household cost-of-living pressures with targeted changes to business taxation, investment and innovation incentives. Many measures will be implemented or clarified in the forthcoming Finance (No. 2) Bill 2026.

Corporation tax

The standard 12.5% rate of corporation tax on trading profits remains unchanged. A 25% rate generally applies to non-trading income. Separately, Ireland's Pillar Two rules impose a 15% minimum effective tax framework on groups meeting the €750 million consolidated annual revenue threshold in at least two of the preceding four years, subject to applicable rules and exceptions. This is a group-revenue test, not a turnover test applied separately to each Irish company.

Start-up companies

The relief for qualifying new trading companies under section 486C TCA 1997 is being extended to 31 December 2030. It can reduce or eliminate corporation tax on qualifying trading income and gains during the first five years of trading, subject to statutory conditions and limits. The availability and amount of relief depend, among other things, on qualifying employer PRSI contributions and the company's corporation tax liability.

Preliminary corporation tax

The Budget proposes to increase the threshold for treatment as a small company for preliminary tax purposes from €200,000 to €350,000. For relevant companies, the proposed reforms allow a payment of at least 80% of current-year corporation tax by the final preliminary tax date, with the balance paid within four months after the accounting period ends. The existing 45% deemed-underpayment provision is also to be removed. Detailed operation will depend on the Finance Bill.

Capital gains tax

The standard capital gains tax (CGT) rate falls from 33% to 31% for disposals on or after 7 October 2026. Importantly, gains on disposals of development land remain subject to 33%. Special rates and reliefs, including revised entrepreneur relief where its conditions are met, must be considered separately. The lower standard rate may be material when planning sales of businesses, investments and other chargeable assets.

Knowledge Development Box

The Knowledge Development Box (KDB) provides a preferential corporation tax treatment for qualifying profits attributable to qualifying intellectual property arising from eligible research and development activity, subject to detailed nexus, tracking and documentation requirements. Budget 2027 extends the regime to 1 January 2032 and proposes a conditional, time-limited opt-out for existing claimants. Companies within Pillar Two should assess whether any KDB benefit is affected by minimum-tax calculations.

Foreign dividend participation exemption

Ireland introduced a participation exemption for qualifying foreign dividends from 1 January 2025. Broadly, this provides an exemption, subject to ownership, holding-period, territorial and other statutory requirements, as an alternative to claiming foreign tax credits. It is an existing feature of the regime rather than a new Budget

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2027 measure. Irish holding companies should assess eligibility dividend by dividend, including whether electing for exemption is preferable to credit relief.

Research and development tax credit

The R&D corporation tax credit rate is 35%, following the increase announced in Budget 2026; Budget 2027 does not newly raise that headline rate. Budget 2027 proposes to increase the first-year payment threshold from €87,500 to €105,000, improving cash flow for qualifying claimants. It also proposes higher subcontracting limits (including 20% and €200,000 limits in specified circumstances), a possible uplift of qualifying expenditure by 5% of qualifying R&D payroll costs subject to limits, and changes relating to preliminary tax and regulated clinical trials. The Finance Bill will determine the detailed conditions.

Other measures of interest

The Budget also proposes a rise in the weekly earnings threshold for the lower employer PRSI rate from €552 to €600 from January 2027. Measures affecting investors include increased capital acquisitions tax thresholds and a proposed reduction in the rate applicable to certain investment funds and life policies from 38% to 35% from January 2027. These matters may be relevant to owner-managed businesses and private clients, although they fall outside the principal corporation tax measures considered above.

Publication note

This article summarises announcements as at 8 October 2026. Proposals remain subject to legislation and commencement provisions; professional advice should be obtained before relying on any measure for a transaction.

This document has been prepared as a general guide and is based on the latest legislation and guidelines. Whilst every care has been taken in its preparation, Verfides cannot accept any responsibility for any person relying on this publication. Professional advice should be obtained before undertaking transactions and Verfides will be pleased to provide such advice where appropriate.