SOCIAL JUSTICE IRELAND

working to build a just society

Budget 2026

Analysis & Critique

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Budget 2026 Lacks Strategic Approach on Poverty

Budget 2026 indicates the likely direction of travel for this Government over the next five years. And it's not good enough. It fails to decisively tackle poverty and social exclusion. It fails to address the sustainability of our overall tax-take, or to adequately invest in housing and social infrastructure. Ultimately, Government opted to prioritise an election promise made to the hospitality sector over commitments made to vulnerable groups such as carers, children and households in poverty.

Low Income Households continue to Struggle

Government indicated that this Budget would seriously tackle child poverty. We warmly welcome the increase to the child support payment, which will certainly make a difference. However, Government's overall approach to poverty is not strategic. Poverty is primarily an issue of income. To eliminate child poverty, together with the poverty experienced by other groups, Government must improve household incomes. This ultimately requires a living wage and adequate social welfare rates. Government's failure to benchmark social welfare rates against average earnings, or outline a pathway to achieve this, leads us to question its commitment to protect core social welfare rates or to progressively reform social protection.

Government was right to discontinue temporary cost-of-living supports, which were an inefficient use of resources. But, those temporary payments should be replaced with permanent targeted measures for those who need them. Instead, Budget 2026 fails to make up the difference for those households in most need. The €10 increase in weekly core social welfare rates falls far short of the €25 needed to begin to provide an adequate income. It leaves people depending on social welfare with incomes of less than a quarter of average weekly earnings. It even fails to maintain their existing purchasing power. (see pp. 3, 16).

Had Government chosen to set out a strategic approach to poverty that focused on the core challenge of income adequacy, it would have been a statement of intent for the next five years.

Inadequate Support for Employees

In terms of tackling in-work poverty, *Social Justice Ireland* welcomes the increase in the National Minimum Wage to €14.15, but regrets that this remains below the Living Wage of €15.40 per hour (see pp. 11, 18). Government's decision to abandon their own target to achieve a Living Wage this year, delaying it until 2029, says much about the Government's priorities.

Social Justice Ireland welcomes the extension of

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- Delay to Living Wage
- No gains for low & middle income workers
- Regret expansion of tax breaks
- Inadequate social housing investment
- VAT reductions

the fuel allowance to recipients of the Working Family Payment, as well as the increase to the threshold for this payment. However, we are concerned that the failure to increase the value of the personal tax credits will see the value of these credits eroded for those families who most needed them. *Social Justice Ireland* advocated for a €5 per week increase to these credits. We are also disappointed that Government did not make the personal tax credits refundable. *Social Justice Ireland's* proposal for refundable tax credits would have made the taxation system much fairer by targeting the lowest-income earners, allowing those who earn too little to benefit from the full value of their credits to be refunded the difference.

Basic Income

We commend the Government on extending the artist's basic income scheme. *Social Justice Ireland* has long supported the principle of a basic income which recognises that people contribute to society in multiple ways. We believe that a similar pilot should be extended to carers, a much larger cohort, with a view to moving towards a Universal Basic Income system.

Underlying Deficit

It is positive that Government will be able to record another Budgetary surplus next year, but it means little if it is founded on an inadequate tax base. We have enormous revenues and yet, when windfall revenues are excluded, the underlying fiscal position is in deficit. *Social Justice Ireland* has raised this concern, as have the Central Bank, IFAC and NERI. We have long advocated that it is sensible to invest in addressing deficits in infrastructure and services and to prepare for the future, provided the underlying budgetary picture is in balance. This requires that our recurring revenue is sufficient to meet present and future spending needs.

Eroding the Tax Base

If we are to take this Budget as an indication of what we can expect over the coming five years, it points to a government intent on further narrowing the tax base instead of broadening it. It is irresponsible of Government to continue to cut taxes while spending must necessarily rise simply to keep pace with a growing and ageing population. At a time of economic prosperity, we ought to be dealing with longstanding challenges that require investment. Broadening the tax base in Budget 2026 would also have acted as a countercyclical buffer to address economic risks such as overheating. Instead, Government has opted for reductions in VAT for hospitality and construction, and provided new and extended tax breaks.

Social Justice Ireland has advocated that we move towards a tax-take target set on a per capita basis. Securing our public finances is essential for long-term sustainability and success. The first Budget of a new term is exactly when Government has the political capital to take the decisions necessary to broaden our tax base and increase revenue generated from stable recurring sources. If not in this Budget, it is unclear when Government will take on this challenge.

Housing Investment Remains Inadequate

The strategic importance of having an adequate supply of housing cannot be overstated. In addition to its centrality to our social wellbeing, it is vital to our continued economic prosperity. Yet, despite a substantial increase, the scale of investment remains too small. This is especially the case in relation to social housing. We are also deeply concerned that we still have not seen the updated housing plan, and therefore the strategic focus of this Budget allocation is unclear. *Social Justice Ireland* estimates there is an unmet need of 135,000 social homes. Budget 2026 commits to the construction of 10,200 social homes, yet this falls far short of addressing the ongoing need. It also fails to make up for the shortfall of 3,997 from Government's targets between 2022 and 2024, and the likely shortfall on the 2025 target.

Homelessness

The level of homelessness in Ireland is obscene, yet this Budget lacks strategic vision and represents a poor use of funds (see p. 9). The numbers speak for themselves. 16,353 people have had to resort to emergency homeless accommodation according to the most recent count. This is the highest number on record, a record that is broken month after month. Of this number 5,145 are children, also the highest figure on record. Ultimately, adequate social housing supply is the solution. This Budget could have done far more to tackle homelessness prevention and to put in place and resource a Housing First approach to family homelessness.

Rich-Poor Gap Narrows, but Incomes Remain Inadequate

Social Justice Ireland welcomes the fall in the rich-poor gap this year (see p. 9). This is certainly progressive, but does not fully compensate for the significant increase in this gap last year. We are concerned that support for those on the lowest incomes remains inadequate. Much more could have been done to raise the incomes of those at the bottom to further narrow the rich-poor gap and make our taxation fairer. While the modest increase in the social welfare rates stands in contrast with the lack of gains elsewhere in the Budget, that modest increase fails to deliver an adequate payment for those on the lowest incomes.

Budget 2026 sets a trajectory for Government and it's not good enough. Ireland deserves better.

Budget Priorities Ignore Many Core Needs of Society

Budget 2026 presented a new Government with an important opportunity to set a new agenda focused on tackling the persistent challenges Irish society has faced over the past decade. Over recent years, these priorities had often slid from centre stage as the COVID-19 pandemic and cost of living crisis dominated day-to-day lives, politics and the policy agendas of the last two Governments.

The Budget was also framed in the context of a large amount of resources available to Government, and in a period where there was plenty of potential to raise additional resources via taxation and social insurance to fund a series of significant policy shifts.

Although some progress was made, regrettably, many of the priorities reflected in Budget 2026 were sectional, small scale and of limited ambition given the challenges facing Irish society. Policy agendas that do a little bit here and there, but that make no substantial and strategic moves to address longstanding major societal challenges are more about maintaining the status quo rather than building a better Ireland. It is of no surprise that Budgets, such as Budget 2026, fade from public discussion and policy relevance so quickly. They have become more about surviving a one day political festival and media event and less about making important and influential choices regarding the medium and long-term wellbeing of Irish society.

Given the choices made in Budget 2026, and the priorities underpinning these, some obvious questions come to mind:

- Where is the political willingness to tackle the housing crisis at the level and scale that is necessary to address issues of affordability, social housing waiting lists, actual and hidden homelessness, land hoarding, and derelict and vacant units?
- Where is the political willingness to confront the climate crisis and facilitate a fair and just transition?
- Where is the political willingness to transform the health system via Sláintecare and provide comprehensive social and community care?
- Where is the political willingness to end child poverty and lift low income households out of poverty?

In our July pre-budget document, *Budget Choices*, we set out routes to address each of these issues and many others (it is not an exhaustive list). We also outlined how such initiatives could be funded. Budget 2026 was an opportunity for a new Government to set a clear path towards building a better Ireland. It made little progress.

Fiscal Stance: a Concern

Budget 2026 signals that the exchequer will record a substantial budget surplus in 2026 of €5.1bn; equivalent to 1.4% of national income as measured by GNI*. While there are large inflows of tax revenue from an economy with record levels of employment and consumer spending, the contribution from corporation tax is notable. In 2026 corporation tax revenue will total €33.9bn; for comparison this figure was €7.5bn ten years ago (2016 data from Budget 2017). It includes windfall corporate taxation revenues from a small number of firms, estimated as at least €17bn-€18bn by the Irish Fiscal Advisory Council. Removing the expected windfall revenues from corporation tax, the underlying budget position is one where the state is expected to record a significant budget deficit of €7.3bn in 2025 and €13.5bn in 2026. The unsustainability of this position is of major concern; at a time of full-employment, strong consumption and continued growth the existence of an underlying budget deficit raises major questions.

Overall, Ireland's current fiscal policy is unsustainable and in the longer-term it is a recipe for austerity. *Social Justice Ireland* regrets that Budget 2026 did not make substantial moves to decrease this significant risk; in particular addressing the inadequacy of our tax take (see also p.7).

Table 3.1 Budget 2026 Fiscal Stance

	2025	2026
General Government Revenue €m	146,405	152,390
General Government Expenditure €m	136,155	147,265
General Government Balance €m	**+10,245**	**+5,122**
of this: Windfall Corporate taxes €m	*17,600*	*18,700*
Government Balance without windfalls €m	**-7,355**	**-13,578**
Annual transfers to Savings Funds €m	*6,080*	*6,500*

Regret on Welfare

Social Justice Ireland regrets that Budget 2026 only provided an increase of €10 per week to core welfare payments. In our pre-Budget document, *Budget Choices*, we called for an increase of €25 per week in all weekly minimum welfare payments to ensure that their value was benchmarked to movements that have already occurred in average earnings.

Although this increase in the income of welfare dependent households contrasts with a small decrease in income for most others (see p.6-8), it is regrettable that the Budget failed to deliver a welfare increase of the scale required. A lesson from past experiences of economic recovery and growth is that the weakest in our society get left behind unless welfare increases keep track with increases elsewhere in the economy. Unfortunately, as public and private sector wage increases continue throughout 2025 and 2026, those dependent on welfare will now fall further and further behind.

A lesson from past experiences is that the weakest in our society get left behind unless welfare increases keep pace with increases elsewhere in the economy.

Welfare payments target those most in need within our society. They also play a central role in alleviating poverty. According to the latest CSO data, without the social welfare system 31 per cent of the Irish population would be living in poverty.

Other Budget measures, including increases to the child support payment and adjustments to the carers and fuel allowance, domiciliary care allowance and the working family payment are welcome. These assist low income vulnerable groups in our society.

Poverty and Incomes

The first budget of the new government has failed to prioritise income adequacy and the most vulnerable groups, and as such fails to live up to the Programme for Government commitment to a progressive social protection system that is sustainable and fair. Despite welcome statements from Government and commitments to support vulnerable households, Budget 2026 largely failed in this regard.

Benchmarking and Indexation

A commitment to the principle of indexation is essential to meeting our national poverty targets and to embedding income adequacy into our social protection system. However, Budget 2026 failed to deliver the necessary resources to support the almost 630,000 people who are living in poverty. The failure to commit to the principle of indexing social welfare rates to earnings, starting with a benchmark set at 27.5% of average weekly earnings, means that Government cannot address the widening income divides between low and high income households. The weekly increase of €10 while welcome remains insufficient. The failure to index social welfare payments to wages, and to adequately increase the weekly rate copper-fastens already widening income divides due to the erosion of the purchasing power of these payments.

The failure to index social welfare rates means that instead of delivering stability, securing and sustainability, Government has maintained the current ad hoc approach towards income adequacy. Government makes no savings by not spending on welfare, the costs are simply borne elsewhere in the system.

Child Poverty

Child poverty is a reality for almost one in six children in Ireland, a stark statistic which raises major questions for fairness and progress. Our long-standing failure as a society to adequately engage with the issue of child poverty, and drive substantial and permanent reductions in it, is building long-term problems. Governments' stated commitment to addressing child poverty is welcome. This commitment must translate into actual measures that put more income in the pockets of poorer families and make the public services they rely on more readily available and more affordable. The €300m package for children and families contained in Budget 2026 is welcome, but more is required. Child poverty is essentially an issue of low income families. Adequate adult welfare rates, decent rates of pay and conditions for working parents, and adequate and available public services are also required. Child benefit also remains a key route to tackling child poverty. It is of particular value to those families on the lowest incomes.

Budget 2026 increased the Child Support Payment by €8 and €16 per week for children under 12 and over 12 respectively, increased core social welfare rates by €10 per week, maintained the Christmas Bonus, and increased the Working Family Payment threshold, expanded the Back to School Clothing and Footwear Allowance, increased the maintenance grant threshold and reduced the student contribution by €500. Funding was allocated to increase provision of childcare places, however we regret that there were no additional resources to deliver on the Programme for Government commitment to reduce the cost of childcare to €200 per month. Overall, while these measures are welcome, in particular the increase to the Child Support Payments, they fail to fully address the key challenge of income supports for families living in poverty, including the impact of persistent price increases which has eroded the real value of weekly social welfare payments in recent years.

Delivering on the Programme for Government?

Progress in Budget 2026 on Programme for Government Commitments	
Good Progress √ Making Progress ~ No Progress X	
Progressive Budget	~
Run a Budget Surplus	√
Broadening the Tax Base	X
Increased public sector investment	√
Increase Social Housing Supply	X
Invest in Regional Economic Development	~
Advance a Just Transition	X
Progressive and Sustainable SW system	~
Cost of Disability Payment	X
Reform Disability Allowance	X
Support persons with a disability to find and retain employment	~
Extend Fuel Allowance to Working Family Payment recipients	√
Reduce Child Poverty	~
Expand and increase support for DEIS	~
Progressively increase Child Support Payment	√
Expand free GP services to children up to at least 12 years	X
Reduce the cost of childcare to €200 per month	X
Increase Home Help Hours	~
Expand Travel Assistance Scheme	X
Expand School Transport Service	~
Fully Fund Carer's Guarantee	~
Reform Carers Allowance including income disregards	√
Increase weekly carer's payments and annual carer's support grant	~
Progress the Living Wage	~

Increased Investment, But for Whom?

Ireland's housing and infrastructure challenges can no longer be described as a crisis — crises are temporary. Chronic, structural State failures have persisted for more than a decade. Years of under-investment have led to a housing deficit of around 256,000 homes, while the Government has continually failed to meet its own housing targets and delivery commitments.

The Government announced what it described as a substantial increase in capital investment to €5.2bn for social and starter homes in Budget 2026. This included €2.9bn to deliver 10,200 social homes and to fund the second-hand acquisition scheme. However, these allocations fall far short of need and do not address repeated delivery failures. Social housing targets remain inadequate given the ongoing need for housing of around 135,000 households. It also fails to make up for the shortfall of 3,997 from 2022 and 2024 targets, and the likely shortfall on the 2025 target, given that just 358 of a target of 10,000 social homes has been built as of Q1 2025. Almost €2bn of current housing funding will continue to meet the social housing needs of over 100,000 households through the HAP, RAS and the SHCEP. Investing in social housing would have reduced dependence on these subsidies, lowered long-term costs (which continue to rise each year) and provided secure, affordable homes for those most in need. *Social Justice Ireland* has long called for a targeted increase in the proportion of social housing to 20 % of all housing stock.

For too long, housing policy has relied on the private sector solutions, short-term measures and a series of badly-targeted subsidies that treat the symptoms rather than the causes. Budget 2026 has been no exception. It commits to supporting 15,000 new starter homes through a range of affordability schemes, including the First Home Scheme and Help to Buy. Such measures artificially inflate purchasing power, pushing prices higher and undermining the Central Bank's macroprudential lending rules. Similarly, the extension of Mortgage Interest Relief for another two years fails to support those most in need. *Social Justice Ireland* regrets that a more targeted approach was not taken for those struggling with their mortgage payments and support was not provided to those in long-term mortgage arrears.

The latest Rent Index Report (Q1 2025) shows that rents have increased to a national average of €1,696 per month, with the highest in County Dublin at €2,186 per month. The Rent Tax Credit at €1,000 has been extended for a further three years to the end of 2028 to provide relief to renters, however maintaining its current structure will not support low-income renters. The credit is only available to those who earn more than €20,000 annually and who are not in receipt of any housing subsidy. Data by the Revenue Commissioners shows that the distribution of this credit is regressive. Those with an Annual Gross Income of €0-10,000 received an Average Benefit of €1, while those earning between €200,001—250,000 received an Average Benefit of €814. *Social Justice Ireland* regrets that this credit was not converted to a grant or made refundable to benefit low-income tenants.

Social Justice Ireland is concerned about the lack of clarity and transparency around housing delivery. Government must expedite a comprehensive housing and infrastructure delivery plan that ensures resources are targeted effectively and that delivery is timely, coordinated, and accountable. This must be supported by adequate investment in essential infrastructure, including water, transport, energy, and public services. And investment alone will not solve the problem; what is required is careful planning, effective management, and strong delivery to ensure investment translates into sustainable, well-connected communities, rather than disconnected, piecemeal developments.

Homelessness is a Policy Choice

The number of homeless people accessing emergency accommodation in August 2025 reached a record 16,353, marking a 93 per cent rise since the *Housing for All* plan began in 2021 and 151 per cent since *Rebuilding Ireland* was launched in July 2016. Homelessness has become the most visible symptom of the State's ongoing failure to deliver secure social and affordable housing. Family homelessness has increased by 138 per cent since Housing for All was introduced. In August 2025, 2,391 families, including 5,145 children, accessed emergency accommodation. According to the Quarterly Performance Report Q2 2025, over 1 in 4 families have been in emergency accommodation for more than 12 months, while 1 in 5 families were in the system for more than 2 years.

In 2024, Local Authorities spent 18 times more on emergency accommodations (70 per cent of it in commercial hotels and B&Bs) than on prevention and resettlement supports. This reactive approach is both costly and ineffective in addressing the root causes of homelessness.

Budget 2026 offers no alternative solutions. It commits to continuing the provision of homeless services but introduces no substantial reforms. The Government missed the opportunity to extend Housing First to children and families, opting instead to continue payments to providers of emergency accommodation or build state owned facilities. This decision ignores repeated warnings by human rights organisations about the risks of institutionalising families and children.

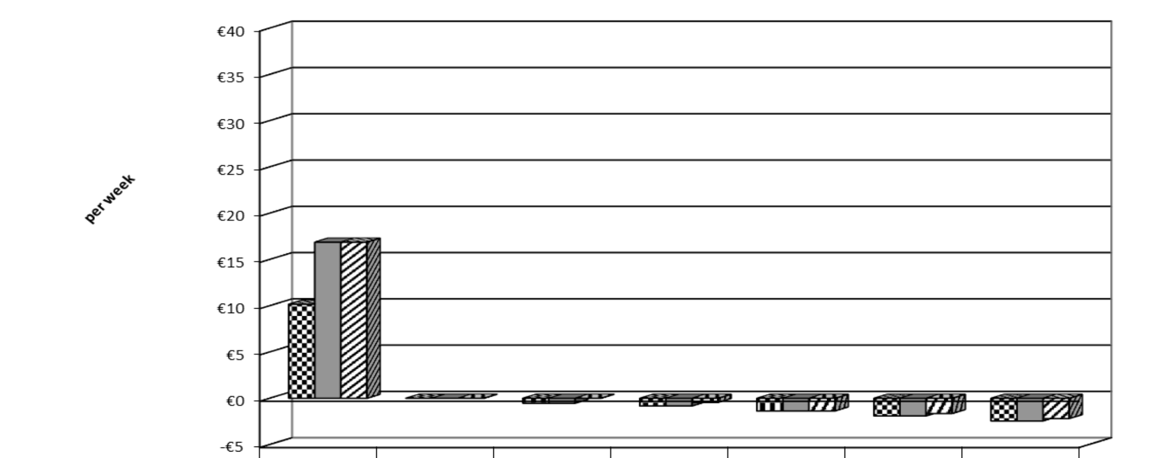
Public Cost, Private Gain

Budget 2026 introduced a series of tax-based measures to boost housing supply until December 2030, including a reduction in VAT on new apartment sales from 13.5 per cent to 9 per cent at cost of €390 million per year; an enhanced corporation tax deduction for apartment construction costs costing €125million per year; and an extension of the Residential Development Stamp Duty Refund Scheme at a cost of €28.1million per year.

These measures would be welcome only if the savings are reflected in lower prices and the benefit is fully passed on to buyers, improving affordability. However, there is no evidence to suggest that this will occur. Past experience indicates that such reductions are often only partially passed through to consumers, with much of the gain retained by developers or landowners.

Without strong monitoring and transparency, these measures risk weakening the tax base without delivering meaningful or lasting results. At a time when Ireland faces long-term pressures on public finances, introducing such costly measures is not fiscally prudent. This risks repeating past mistakes that prioritised short-term incentives over sustainable solutions. *Social Justice Ireland* believes that the State should not rely on private market incentives to deliver affordable housing. Instead, Government should take the lead through direct public investment in social housing to ensure stable supply and genuine affordability over the long term.

Chart 6.1: Impact of Income Tax and Headline Welfare Payment Changes from Budget 2026



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	10.16	0.00	-0.54	-0.83	-1.37	-1.90	-2.44
Couple 1 Earner*	16.87	0.00	-0.54	-0.83	-1.37	-1.90	-2.44
Couple 2 Earners*	16.87	0.00	0.00	-0.45	-1.37	-1.65	-2.19

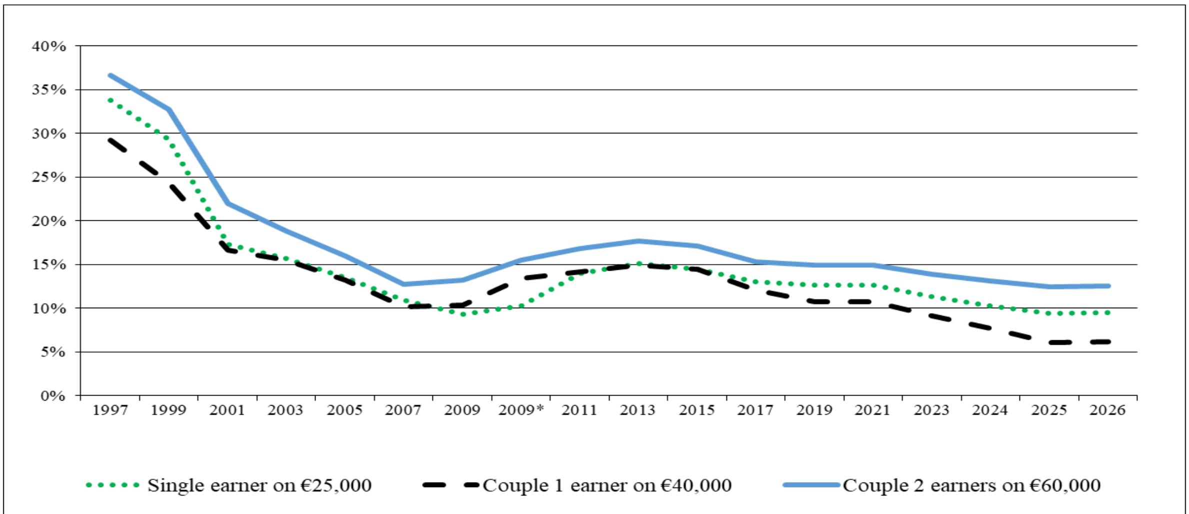
Notes: * Except in case of the unemployed where there is no earner. Unemployed aged 26 years plus and on jobseekers allowance. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division. Lower income earners may also benefit from an increase in the minimum wage. We examine the impact across a broader range of households on page 8.

Table 6.1: Effective Tax Rates following Budgets 2015, 2025 and 2026

Income Level	Single Person			Couple 1 Earner			Couple 2 Earners		
	2015	2025	2026	2015	2025	2026	2015	2025	2026
€15,000	1.9%	0.8%	0.8%	1.9%	0.8%	0.8%	0.0%	0.0%	0.0%
€20,000	10.2%	3.5%	3.6%	6.7%	3.5%	3.6%	1.1%	0.0%	0.0%
€25,000	14.4%	9.4%	9.5%	7.6%	5.4%	5.5%	1.3%	0.6%	0.6%
€30,000	17.1%	12.3%	12.3%	8.9%	5.6%	5.7%	4.3%	1.9%	2.0%
€40,000	23.7%	16.0%	16.1%	14.5%	6.1%	6.2%	9.1%	3.8%	3.9%
€60,000	32.8%	25.0%	25.1%	25.7%	15.5%	15.6%	17.1%	12.4%	12.2%
€100,000	40.4%	35.4%	35.5%	36.1%	29.6%	29.7%	29.2%	20.6%	20.7%
€120,000	42.3%	38.2%	38.3%	38.8%	33.4%	33.5%	32.9%	25.4%	25.5%

Notes: Total of income tax (including USC), levies and PRSI as a % total income. Couples assume: 65%/35% income division. PAYE earners.

Chart 6.2: Effective Income Tax Rates in Ireland, 1997-2026



Notes: Selected years over period. Total of income tax (including USC), levies and employee PRSI as a % total income. Couples assume a 65%/35% income division. PAYE earners. 2009* refers to a supplementary Budget in that year.

Income Gains from Budget 2026

When assessing the change in people's incomes following any Budget, it is important that changes to income taxation and headline welfare rates are considered. In Chart 6.1 (p.6) we focus on the income that households will receive in 2026 compared to that which they received in 2025. Therefore, we are focused on the effect of changes to income tax bands, tax credits, and both USC and PRSI rates and thresholds. Our comparison is to the outcome at the end of 2025, excluding temporary measures in that year (e.g. the various cost of living payments including electricity credits and one-off welfare payments) The recurring Christmas bonus welfare payment is included. The analysis provides a clearer picture of the ongoing impact of the Budget's tax and welfare measures on the income distribution (see also pp.3,8).

In our calculations we have not included any changes to other welfare allowances and secondary benefits as these payments do not flow to all households. Similarly, we have not included changes to other taxes (including indirect taxes, property taxes, rental credits etc) as these are also experienced differently by households. Some lower income earners may also benefit from the increase in the minimum wage.

Income tax bands and credits are unchanged in Budget 2026. Employee PRSI contributions will increase while USC sees a small reduction for those earning above €27,282.

While Chart 6.1 shows that unemployed persons will benefit from the €10 p.w. increase, this does not maintain their purchasing power and neither will they benefit from pay increases that those in employment may receive (see p.3).

Effective Income Tax Rates after Budget 2026

Central to a thorough understanding of income taxation in Ireland are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pays with their pre-tax income. For example, a person earning €50,000 who pays €10,000 in tax (after all credits and allowances) will have an effective tax rate of 20%. Calculating income taxation in this way provides a more accurate reflection of the scale of income taxation faced by all earners.

Following Budget 2026 we have calculated the effective tax rates for next year faced by a single person, a single income couple and a couple with two earners . Table 6.1 (p.6) presents the results of this analysis. For comparative purposes, the effective tax rates for people with the same income 10 years ago and this year are also presented.

In 2026, for a single person with an income of €25,000 the effective tax rate will be 9.5%, rising to 16.1% for an income of €40,000 and 38.3% for an income of €120,000. A single income couple will have an effective tax rate of 6.2% at an income of €40,000, rising to 15.5% for an income of €60,000 and 33.5% for an income of €120,000.

In the case of a couple where both are earning and their combined income is €60,000 their effective tax rate is 12.2%, rising to 20.7% for combined earnings of €100,000 and 25.5% for an income of €120,000.

As chart 6.2 (p.6) shows, despite increases during the economic crisis, these effective tax rates have decreased considerably over the last three decades for all earners.

Ireland's Overall Tax Take Remains Inadequate

Data accompanying Budget 2025 outlined Government's plans for taxation and spending over the 6 years to 2030. Over that period, overall tax receipts were to climb to €126.5bn in 2030.

Unfortunately Budget 2026 does not provide a similar forecast.

While the consequences of the Ukraine war, the Trump Presidency, and the persistent effects of the cost-of-living crisis mean that Budget 2026 has been framed in a period of continued economic uncertainty, it is a regret that it did not provide a more strategic perspective on the long-term direction of taxation policy ignoring the clear message from the Commission on Taxation and Welfare and the Fiscal Council. The bumper and unexpected corporation tax gains of recent years highlight the unsustainable nature of a large part of our tax revenue; money that has generally been spent over recent years and has allowed the political system to avoid engagement with the reality of how inadequate our sustainable tax base is.

Social Justice Ireland believes that over the next few years policy should focus on increasing Ireland's sustainable tax take. Simply, an increase in Ireland's overall level of taxation is unavoidable; even to maintain pre-pandemic levels of public services and supports. Consequently, it is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society. In other publications we have outlined the details of our proposals in this area.

As a policy objective, Ireland should remain a low-tax economy, but not one incapable of adequately supporting necessary economic, social and infrastructural requirements. We regret that Budget 2026 made limited progress on this issue.

Budget 2026: Distributive Impact Across Households

Budget 2026 marks the first Budget of the current Government. On this page we track the distributive impact of its policy choices across a range of households.

Our analysis captures changes to the value of core welfare payments and any changes to tax credits, tax bands, the USC and PRSI rates. We focus on these 'permanent measures' as a means of assessing the underlying distributive picture of policy choices. Similarly, we include the cumulative value of these permanent policy changes over the past five years from 2020-2025 (the term of the previous Government). Temporary and once-off measures introduced during the cost of living crisis are not included.

At the outset it is important to stress that our analysis does not take account of other budgetary changes, most particularly to indirect taxes (VAT and excise), other charges (such as prescription charges and state exam fees), rent credits, mortgage interest tax relief, and property taxes. Similarly, it does not capture the impact of changes to the provision of public services. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them here. The households we examine are those tracked in our annual income distribution model. They are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households.

Table 8.1 Weekly Income Change as a result of Tax and Benefit Changes in Budget 2026 - plus value of permanent income changes over 2020-2025.

Welfare Dependent Households	All permanent measures 2020-2025	Budget 2026
Couple, 2 children (both >12yrs), no job	+114.07	+48.60
Couple, 2 children (both <12yrs), no job	+97.85	+32.60
Lone parent, 1 child (> 12yrs), no job	+66.78	+28.68
Couple pensioner	+81.64	+21.68
Lone parent, 1 child (< 12yrs), no job	+58.67	+20.68
Couple, no children, no job	+68.99	+16.60
Single pensioner	+52.24	+12.68
Single no job	+41.56	+10.00
Households with Jobs	**All permanent measures 2020-2025**	**Budget 2026**
Single, job at €30,000	+16.80	-0.39
Couple 1 earner at €30,000	+3.34	-0.39
Couple 1 earner and 2 children, at €30,000*	+3.34	-0.39
Single, 1 child, job at €30,000*	+21.59	-0.39
Single, job at €40,000	+37.64	-0.61
Couple 2 earners at €60,000	+32.28	-1.04
Couple 2 earner and 2 children, at €60,000	+32.28	-1.04
Single, job at €60,000	+58.24	-1.04
Couple 1 earner at €60,000	+71.42	-1.04
Couple 2 earners at €80,000	+74.80	-1.22
Couple 2 earners at €100,000	+110.74	-1.65
Single, job at €100,000	+60.01	-1.90
Couple 1 earners at €100,000	+73.35	-1.90
Single, job at €120,000	+58.38	-2.33
Couple 2 earners at €150,000	+116.02	-2.73
Couple 2 earners at €200,000	+119.85	-3.81

Following Budget 2026, the overall picture is one with a welcome progressive profile. For households with jobs, weekly income will marginally decrease in 2026, mainly driven by the planned increase in employees PRSI from October 1st. These income decreases range from 39c per week (for low-income earners on €30,000) to €3.81 per week a high-income couple with joint earnings of €200,000.

The Budget 2026 increases in welfare payments, including those targeted at children, have led to all households dependent on welfare experiencing weekly gains. These range from €10 per week for single unemployed individuals to €48 per week for couples with 2 children aged over 12 years.

The Budget 2026 outcome contrasts with the choices made over the period from 2020-2025. During those years, despite welcome welfare increases, particularly for families with children, it was the highest earners who gained most. That period's deterioration in the relative standing of low and middle income households presents a troubling picture, one that is likely to reveal itself further in the official income distribution data from the CSO. *Social Justice Ireland* regrets that much of the recent progress on income distribution and inequality will have been reversed by these policy choices. Looking ahead, reversing these increased income gaps will pose important challenges for future budgetary policy. Budget 2026 has made some welcome, if small, steps in this direction.

Source: *Social Justice Ireland* Income Distribution Model.
Notes: *Depending on circumstances, these households may also be entitled to the Working Family Payment; Couple 1 earner is assumed to receive the Home Carer Tax Credit; Our June 2025 publication, *Tracking the Distributive Effects of Budget Policy*, provides further details of the 2020-25 analysis and it is available on our website.

Ireland's Rich-Poor Gap & Middle-Poor Gap

As well as tracking the post-Budget income levels of different households (see pp. 6-8), *Social Justice Ireland* is also focused on assessing how income divides in Irish society change following the adoption of Budgetary policies.

There is merit in undertaking this analysis for each Budget and also over multiple years so that the cumulative effects of Budgetary policies are captured. To achieve this, we track two measures, income gaps that provide a useful barometer of the short-term and medium-term trends in income inequality in our society.

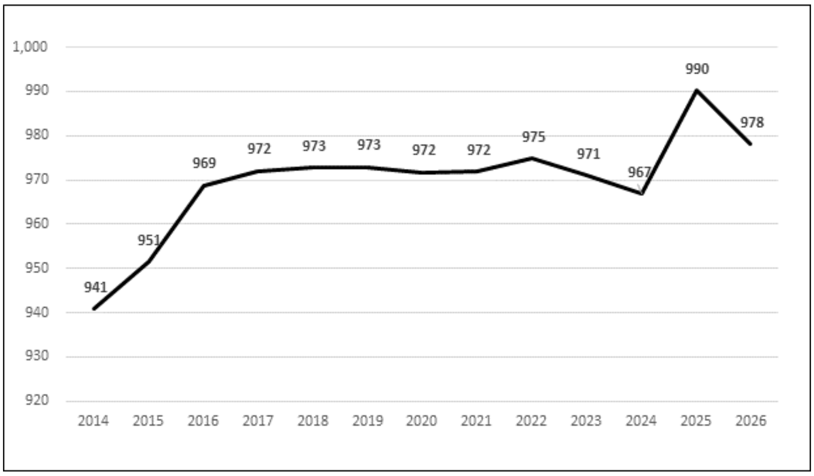
Over the period from 2016-2026, the rich-poor gap has widened by €9.29 per week or €485 per annum

Table 9.1 The Rich-Poor and Middle-Poor Gap following Budget 2026

Rich: individual earner on €100,000 per annum
Middle: individual earner on €40,000 per annum
Poor: individual on jobseekers benefit

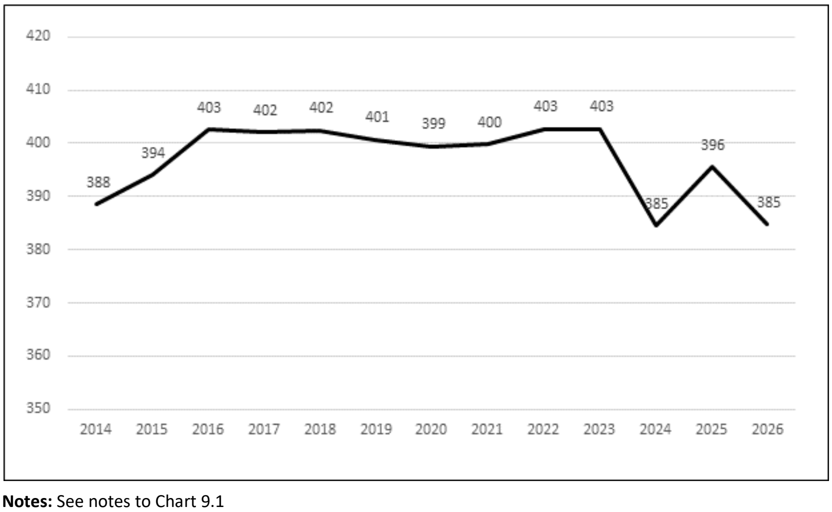
	Rich-Poor Gap	Middle-Poor Gap
Annual gap	€51,033	€20,074
Gap per week	€978	€385
Budget 2026 change in weekly gap	***-€12.13***	***-€10.84***
Budget 2026 change in annual gap	***-€632.68***	***-€565.23***
2016-2026 Change in gap per week	***+€9.29***	***-€17.92***
2016-2026 Change in gap per year	***+€484.64***	***-€935.06***

Chart 9.1 The Rich-Poor Gap, 2014-2026 (€ per week)



Notes: Analysis presents the measures as announced in each annual Budget including temporary supports for that budgetary year.

Chart 9.2 The Middle-Poor Gap, 2014-2026 (€ per week)



Notes: See notes to Chart 9.1

The Rich-Poor gap

This gap monitors the income of single individuals on jobseekers' allowance ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €100,000 ('rich'). An annual income of €100,000 is chosen as representing very high income earners – it represents the top 10% of earners according to latest CSO earnings distribution data and is over twice median earnings.

As a result of all of the tax and welfare measures adopted in Budget 2026, the rich-poor gap will decrease by €12 per week (€633 per annum) in 2026. The cumulative rich-poor gap will stand at €978 per week (€51,000 per annum) in 2026. Although the gap will decrease relative to the outcome from Budget 2025, next year's gap will still be the second highest level we have recorded since our analysis commenced.

Over the last decade (2016-2026), the rich-poor gap has widened by €9.29 per week (€485 per annum) meaning the gap between those with the highest incomes and those on the lowest has widened as a result of policy choices - an outcome we regret.

The Middle-Poor gap

The middle-poor gap monitors the income of single individuals on jobseekers' allowance ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €40,000 ('middle').

As a result of all the measures adopted in Budget 2026, the middle-poor gap decreased. The cumulative middle-poor gap will be €385 per week (€20,074 per annum) next year. Over the last decade (2016-2026), the middle-poor gap decreased (by €17.92 per week); an outcome driven by the limited gains provided to low income worker paying income tax at the standard rate over the past few years.

PRSI Increase: Still Inadequate

Building on a Budget 2024 initiative, Budget 2026 includes a further increase in PRSI rates. All PRSI rates, both for employees and employers, will increase by an additional 0.15 percentage point from 1st October 2026. This will bring the employee rate to 4.35% and that paid by most employers to 11.4%.

While we welcome this increase in PRSI, we note that it does not adequately address the anticipated future shortfalls in the social insurance fund, particularly in light of Ireland's ageing population. We regret that Budget 2026 did not increase the rate by 0.5%, as recommended by *Social Justice Ireland,* which could have raised an additional €900 million in 2026.

Social Justice Ireland encourages the government to consider more substantial increases and to repeat this initiative annually in the decades to come, not just until 2028. Ireland's PRSI rates are low in international terms, and as the population ages, there is a need to maintain a sustainable basis for providing the necessary benefits and supports from the social insurance fund.

Investing with Fiscal Discipline

With windfall gains expected to remain roughly unchanged between 2025 and 2026, averaging €18bn per annum, it is crucial to carefully manage and strategically invest these resources in one-off infrastructure projects. We believe that Government, through a social dialogue process, should use this revenue as the foundation of a new social contract. This would commit the state and social partners to improving economic management with a view to enhancing standards of living, quality of life and wellbeing of all the republic's residents. Strategic investment in infrastructure is not just necessary to meet current demand but is also critical to secure Ireland's future economic success and social cohesion.

At the same time, strong fiscal discipline and cost management are essential. Cost overruns, evident not only in capital projects but also in wider budgeting, highlight the need to embed transparent appraisal, independent oversight, and robust cost control to ensure value for money and lasting public benefit.

Debt Management Strategy

Ireland, like other European countries, turned to large-scale borrowing to cope with the Covid-19 pandemic. Servicing this debt continues to place a significant burden on public finances, despite recent windfall revenues. In addition, global uncertainty, from inflationary pressures to geopolitical risks, highlights the need for careful debt management to protect fiscal sustainability. Chart 10.1 shows the debt costs from 2024 to 2026. *Social Justice Ireland* believes that Government should prioritise the development of a European-wide debt warehousing strategy for the additional debt brought on by the Pandemic. This debt should be separated from the existing national debt and financed by a 100 year ECB bond with a near-zero interest rate.

Chart 10.1 Debt Interest Cost €bn

Weakening Tax Base

A worrying aspect of Budget 2026 is the scale of tax expenditures, or tax breaks, that have been included as part of the measures announced by the Minister for Finance. Such measures risk overheating the economy and are not fiscally prudent, a concern also raised by the Central Bank of Ireland and the Irish Fiscal Advisory Council. It is a reminder of past budgets, and past mistakes that had negative consequences for the sustainability of the tax base and tax take. The Budget includes tax breaks for many measures including:

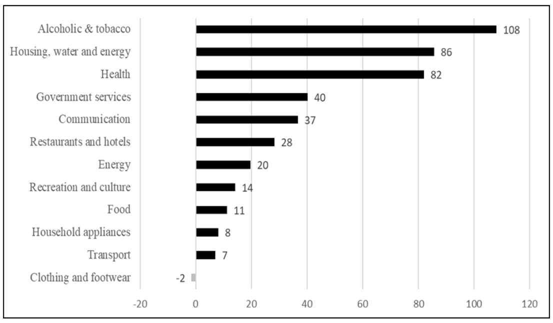
- Enhanced R&D tax credit (-€305.9m/year)
- VAT on Food and Catering and Hairdressing (-€681m/year)
- Special Assignee Relief Programme (-€60m/year)
- VAT on New Apartments (-€390m/year)

The absence of detailed documentation to justify the cost and rationale for these measures adds to the risk that past mistakes are being repeated, undermining both fiscal stability and long-term economic resilience.

Ongoing Cost of Living Pressures on Low-Income Households

Cost of living pressures continue to weigh heavily on households, particularly those on lower incomes. This is evident in recent CSO SILC data, which shows over one in ten people were living in poverty in 2024. Even with additional short-term measures, poverty increased between 2023 and 2024, a worrying trend. Moreover, after housing costs, 43.4% of local authority tenants and 57.3% of recipients of HAP, RAS, or rent supplement live on an income below the poverty line. Eurostat data further highlights how high Ireland's consumer prices are compared to the EU average, particularly for housing, water and energy (+86%), health (+82%), government services (+40%), energy (+20%) and food (+11%).

Chart 10.2 Percentage Difference between Irish Consumer Prices and Average EU levels, 2023



Note: High taxes largely explain the price gap for alcohol and tobacco.

Low-income households are disproportionately affected by the cost of living pressures because they spend a greater share of their income on essential goods and services such as food, housing and energy, that have seen the sharpest price increases. While Budget 2026 includes some initiatives aimed at supporting low-income households, very few measures effectively target this group, and far more ambitious action will be required as cost-of-living pressures persist.

Living Wage Postponed

The Budget 2026 decision to raise the minimum wage by €0.65 to €14.15/hour leaves it €1.25 below the Living Wage of €15.40, as calculated by the Living Wage Technical Group. This represents a shortfall of €48.75/week (€2,535/year) in gross income. Meanwhile, rents and other essentials continue to rise, and without wages keeping pace, the lowest-paid workers risk being left behind. Since 2020, the cost of living for a working-age single adult has risen by more than €120 per week. By delaying the introduction of a Living Wage to 2029, the Government has missed an opportunity to address in-work poverty, ensure decent living standards, and advance its poverty reduction goals.

Chart 11.1 The Low Pay Gap

Rural Ireland

While we welcome the allocation of €433m to complete the National Broadband Plan, €233m in funding to the Tourism Services Programme to drive regional tourism, and the €5m for the Post Office Network, overall the measures in Budget 2026 are insufficient to meet the challenges that rural areas face.

Social Justice Ireland proposed a regional investment package of €250m including €100m for regional development and transition aimed at sustainable agriculture, developing local cooperatives, supporting indigenous enterprises with a focus on the digital and green transitions, and promoting EV ownership among rural dwellers. Rural areas will be among those most impacted by the mitigation and adaptation measures needed to meet our climate targets and adequate investment is required to make alternatives affordable for rural households and to build resilience in rural communities and businesses. We regret that Government did not sufficiently invest in delivering the necessary resources and infrastructure required to reinvigorate the regions and build thriving and resilient rural communities.

Older People

The number of people aged 65+ now stands at 861,100, accounting for 15.8 per cent of the population. The most recent SILC indicates that over 106,000 older people were living in poverty in 2024, an increase of 64 per cent compared to 2023. This number would be substantially higher were it not for the impact of one-off measures, pointing to a failure to address the structural issues facing this cohort.

Social Justice Ireland welcomes the increase of €10 per week to the State pension, €5 per week to Fuel Allowance rate, and the continuation of the Christmas bonus, but regret that these are grossly insufficient to cover rising living costs. It is disappointing that Government did not take the opportunity to reform and universalise the State pension.

We also welcome the allocation of €130 million for 17,000 housing adaptation grants for older people and people with disabilities, which represents a positive investment for ageing in place.

Disability

According to the latest Census data, 22 per cent of the population (1.1 million people) are living with a disability. The group in Irish society with the highest risk of poverty are those who are unable to work due to long-term illness or disability, at almost three times the national average. They are also twice as likely to be experiencing deprivation.

Social Justice Ireland notes the increase of €10 per week to the disability payment and the funding allocation for housing adaptation grants. The failure of Budget 2026 to introduce an ongoing cost of disability payment as per the Programme for Government commitment is very disappointing. The costs of disability are clear, and they are not one off. If persons with a disability are to be equal participants in society, the extra costs generated by their disability should not be borne by them alone. Progress on this issue is long overdue. We regret that Budget 2026 failed to take the necessary steps to substantially improve services and funding for children and adults with a disability and ensure that those services can meet current and future demand.

Just Transition

We regret that Budget 2026 did not contain the necessary investment to support the Department of Climate, Energy and the Environment's commitment for a clear and understood vision for a Just Transition to a competitive, affordable, secure and climate neutral economy and society. Transition is not just about reducing emissions. It is also about harnessing the benefits to transform both our society and our economy. This requires investment in mitigation and adaptation measures, in resilience for communities and in making alternatives affordable. While Budget 2026 contained some welcome measures including the allocation of €558m from carbon tax revenues to support residential and community energy upgrade schemes, and the additional funds of €82m to support a Just Transition in the midlands region, the long-term strategic investment required to deliver the services and infrastructure to support a Just Transition was absent.

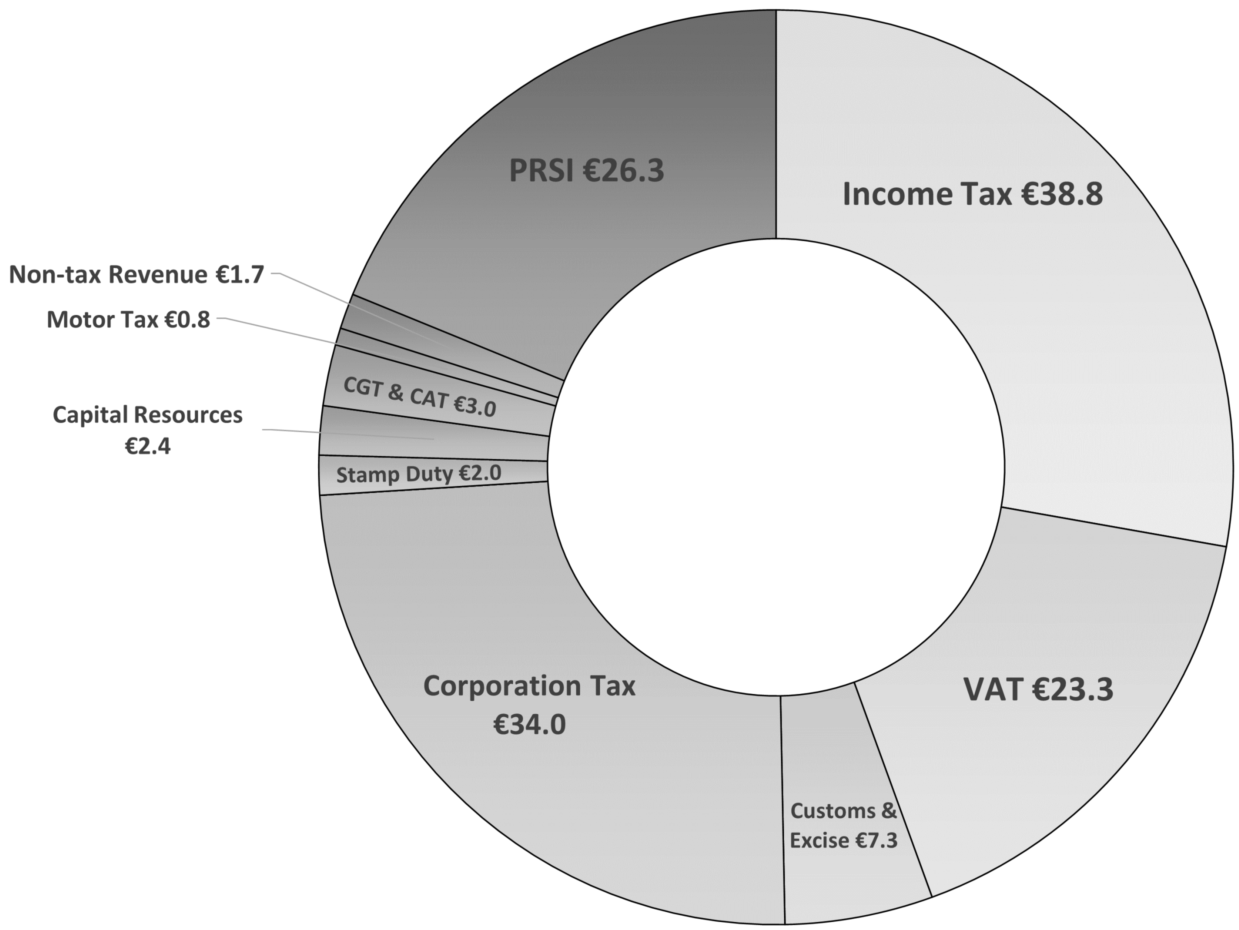
Basic Income Welcome

Social Justice Ireland welcomes the Government's decision to extend the Basic Income for Artists scheme. We have for several decades campaigned for the introduction of a Universal Basic Income which would be a much fairer income distribution system than what we have at present as it would target through the taxation system rather than through means testing.

We were delighted to see the results of the five evaluation reports on the pilot scheme which showed that society gained financially from the investment and that there was a hugely positive impact on the lives of recipients of the Basic Income and their families.

A Basic Income system recognises that people contribute to society in multiple ways. *Social Justice Ireland* believes that a similar pilot should be developed for carers with a view to moving towards a Universal Basic Income system.

Main Sources of Government Revenue - Budget 2026 €bn



Source: Data on pages 12 and 13 of this document are from various Budget documents published by the Department of Finance and the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. The diagrams outline the main areas of income and expenditure for the coming year.

Year-to-year Revenue Changes, €bn

Here we compare the expected revenue from last year's Budget to that proposed on this occasion. The comparison is not perfect as it does not capture unexpected increases or decreases in revenue during the current year or during next year. However it does provide an insight into the direction of policy choices and their outcomes.

Income Tax ↑ €2.5 bn

VAT ↑ €0.6 bn

Corporation Tax ↑ €4.4 bn

PRSI ↑ €0.8 bn

Key Government Revenue Sources in 2026

Income tax = 28% of all revenue

VAT = 17% of all revenue

Corporation tax = 24% of all revenue

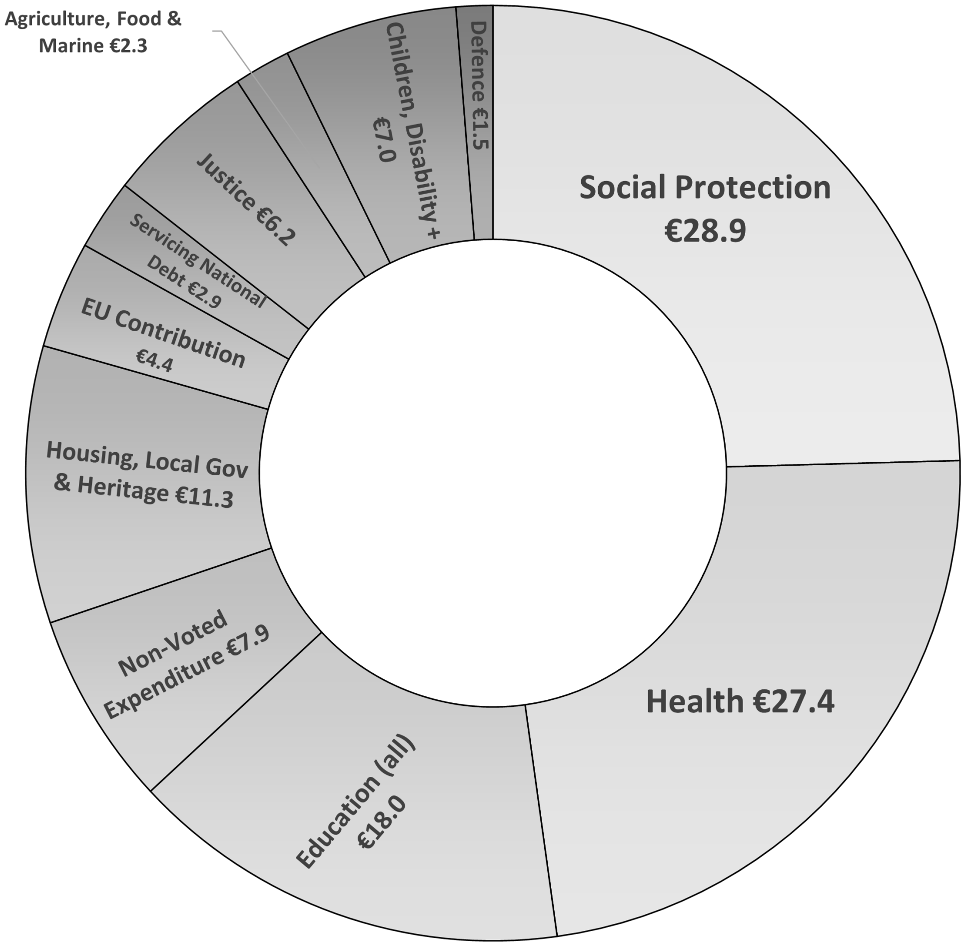
Social Insurance = 19% of all revenue

Main Revenue Changes for 2026

- No changes to income tax thresholds or credits.
- €1,000 rent tax credit extended until 31st December 2028, with a full year cost of €350m.
- VAT reduced to 9% rate for hospitality and hairdressing, costing €681m.

See pages 14 and 15 for further details and our response

Main Sources of Government Expenditure - Budget 2026 €bn



Source: Data on pages 12 and 13 of this document are from various Budget documents published by the Department of Finance and the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. The diagrams outline the main areas of income and expenditure for the coming year.

Year-to-year Expenditure Changes €bn

Here we compare the current expenditure allocations from last year's Budget to those proposed for a number of the main areas of expenditure on this occasion. The comparison is not perfect as there may be overspends and underspends within various Budgets during the current year or during next year.

Social Protection ↑ €2.0bn

Health ↑ €1.6bn

Education ↑ €1.6bn

Debt Servicing ↓ €0.1bn

Notable Expenditure Developments for 2026

- The **Social Protection** budget in 2026 increases core social welfare rates by €10 per week, with qualified child support payments rising also. The income disregards for carers allowance has increased, along with a €20 per month rise for the domiciliary care allowance.
- The **Health** budget provides for an additional €760 million for acute care, with a future €113 million for primary and community care.
- The **Education** budget will allow for an additional 1,042 teacher posts, along with 1,717 additional Special Needs Assistants.
- The **Further and Higher Education, Research, Innovation and Science** budget includes funding for an additional 1,100 new places in healthcare courses and reduces student registration fees by €500 per annum.

Taxation

The Context

- *Social Justice Ireland* believes that the core policy objective on taxation should be to collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more pay more, while those who have less pay less.
- Prior to Budget 2026, anticipated tax revenue for 2026 was almost €105bn, similar to 2025.
- *Social Justice Ireland* welcomed many of the recommendations of the Commission on Taxation and Welfare, notably recommendation 4.1, i.e. increasing taxation and social insurance to meet long-term fiscal challenges.
- We believe that Ireland's overall level of taxation should be €26,866 per capita in 2025, increasing each year in line with growth in nominal GNI*.
- Key to enhancing fairness is greater scrutiny of tax expenditures, which should be included as part of the annual Budget process. The Department of Finance Tax Expenditure report for Budget 2025 indicated that for 2024 there were 117 tax expenditures amounting to €8bn in annual tax revenue forgone.
- The concentrated tax base poses a threat to fiscal sustainability. Corporate tax payments are concentrated among large corporates (85%) and in particular within the top 10 companies (56% of all payments). Excluding windfall revenues , the state was expected to record a significant budget deficit of €7.3bn in 2025 and almost €13.5bn in 2026.
- Despite commitments to pursuing countercyclical fiscal policy, current practice to date has not aligned with these stated intentions.

The Budget

Household tax measures

- Increase the 2% USC ceiling by €1,318.
- Extend the USC concession for medical card holders to end-2027.
- Extend Rent Tax Credit to end-2028.
- Amend tax treatment for Pension Auto enrolment.
- Decrease rate of tax on certain investments from 41% to 38%.
- Extend 9% VAT on gas and electricity to end-2030.

Full-year cost: €768.5m.

Housing market

- Reduce VAT on new apartments to 9%.
- Exempt cost rental income from Corporation Tax.
- Enhanced Corporation Tax for apartment construction costs.
- Extend Living City Initiative to 5 regional centres and to end-2030.
- Extend Residential Development Stamp Duty Refunds to end-2030.

Full-year cost €574m.

Supporting enterprise and agriculture

- Reduce VAT on food, catering and hairdressing from 1 July 2026.
- Enhance R&D Tax Credit and increase rate to 35%.
- Enhance Film Tax Credit.
- Extend Digital Games Tax Credit to end-2031.
- Increase the lifetime relief on Capital Gains for entrepreneurs to €1.5m.
- Stamp Duty exemption for acquisition of listed shares in Irish companies.
- Extend Key Employment Engagement Programme to end-2028.
- Extend Special Assignee Relief Programme to end-2030 and increase minimum salary to €125,000.
- Extend Foreign Earnings Deduction Relief to end-2030 and increase limit to €50,000.
- Extend Accelerated capital Allowance for slurry to end-2019.
- Extend Farm Restructuring Relief for Capital Gains; Farm Consolidation Relief for Stamp Duty; and Young Farmer Relief from Stamp Duty to end-2029.
- Decrease Flat Rate Compensation for farmers to 4.5% from January 2026.

Full-year cost: €1,090.5m.

Climate action

- Increase Carbon Tax to €71 per tonne.
- Extend VRT Relief for electric vehicles to end-2026.
- Extend Income Tax Relief for micro-generation of electricity to end-2028.

Full-year yield: €107m.

Other Taxation measures

- Increase Excise Duty on 20 cigarettes by 50c.
- Extend Bank Levy to 2026.

Full-year yield: €36.9m.

Our Response

Social Justice Ireland is extremely disappointed at the taxation provisions of Budget 2026.

- *Social Justice Ireland* had asked that Personal and PAYE Tax Credits be increased and made refundable to improve the net incomes of low paid workers.
- Instead, the Household Tax measures in Budget 2026 merely extend existing provisions in 2026.
- *Social Justice Ireland* had asked that Budget 2026 would standard rate tax reliefs and increase the minimum effective tax rate payable by those

Taxation (continued)

Our Response

earning over €400,000 a year in order to promote greater equity.

By contrast, the tax provisions of Budget 2026 make no provision for greater equity.

Social Justice Ireland had identified—as did many other commentators—that the Irish tax base needs to be broadened substantially to fund infrastructure and services.

Instead, Budget 2026 substantially reduces the tax base by, for example:

- Reducing VAT on food, catering and hairdressing. There is no evidence that Ireland has a shortage of restaurants or hairdressers.
- Enhancing the R&D Tax Credit. This Credit is now the most expensive tax expenditure with the unusual feature that it is refunded if not fully absorbed by the company. *Social Justice Ireland* had asked that the refundable feature of the credit be withdrawn.

Instead, Budget 2026 exposes more eligible R&D expenditure to be offset against tax liability together with retaining the possibility of refund from Revenue.

In summary, the taxation provisions in Budget 2026 make no provision for increased equity, and substantially reduce the tax base.

Education

The Context

- Our education system faces significant demographic pressures at all levels. Additional investment is required to address existing inequalities and provide supports and school places at all levels for students with special educational needs. This will require significant and sustainable capital and current expenditure on education.
- Ireland's class sizes have long been above the EU average, particularly at primary level.
- Despite progress, outcomes for students from disadvantaged backgrounds across all levels of education remain well below their peers.
- Investment in multi-generational lifelong learning, skills development, apprenticeship and upskilling and reskilling is crucial to meet the challenges of climate transition and digitisation

The Budget

- Allocated additional funding for 1,042 additional teaching posts including 860 special education teachers.
- Provided additional funding to provide 1,717 additional Special Needs Assistants.
- Increased capitation rates at primary and post primary level by €50 per pupil and €20 per pupil respectively.
- Committed to implement DEIS Plan and new DEIS Plus plan.
- Allocated 1,110 new higher education places in key health and social care courses to support workforce needs.
- Decreased the student contribution by €500.
- Makes a provision for reaching an annual funding commitment of €100m for Funding the Future by 2030.

Our Response

- We welcome the additional special education posts and the additional allocation of Special Needs Assistants.
- Further clarity is required as to how the Department plans to meet current demand in terms of school places and cater for future demographic pressures at primary and second level.
- We regret that Government did not allocate sufficient resources to reduce the pupil teacher ratio by 1.5 points.
- While we welcome the increase to capitation grants of €50 and €20 per pupil at primary and post primary respectively, however we regret the lack of clarity on long-term funding for schools to cope with increased costs.
- We regret there was no progress on the expansion of the JCSP Library Programme to all DEIS schools given the scale of funds available for infrastructure projects.
- We regret that the Hot School Meals programme was not extended to all DEIS post primary schools.
- We welcome the extension of the Back to School Clothing and Footwear Allowance to two and three year olds but regret that the rate was not restored to 2011 levels.
- We welcome commitment to implement and resource the DEIS and DEIS Plus programme.
- We welcome the commitment to completed capital projects to expand provision of special classes and special schools but regret the lack of additional investment to increase provision to meet current and future demand.
- We regret that the maintenance grant was not increased.
- We welcome the decrease of €500 in the student contribution.

Social Protection

The Context

- In an Ireland at 'full employment' and with a considerable Budget surplus, high rates of poverty and inequality still persist. Choices made at Budget time should focus on those with the lowest incomes and ensure that Ireland provides income adequacy in the social protection system.
- 11.7% of the population, 630,000 people are 'at risk of poverty'.
- Inflation rates may have slowed but prices for essentials are not falling. Inflation impacts low and fixed income households disproportionately. Budget 2026 did nothing to protect the living standards of those furthest behind.
- The percentage of the population experiencing deprivation did decrease from 17.3% in 2023 to 15.7% in 2024 (latest available statistics). That's 844,700 people who are having to go without as the real value of social welfare rates has been eroded.
- Targeted permanent supports for those most in need are what is needed to make a long lasting impact.
- Government will not achieve the anti-poverty commitments in the current Roadmap for Social Inclusion. Budget 2026 should be an opportunity to address the problem and not move us even further away from effectively tackling poverty.
- Poverty is estimated to cost the state at least €4.5bn a year; investing in its eradication makes sound fiscal sense.
- *Social Justice Ireland* has called on Government to benchmark social welfare rates to 27.5 per cent of average weekly earnings beginning with an increase of €25 a week in Budget 2026.

The Budget

- Increased most weekly primary social welfare rates by €10 with proportional increases for qualified adults and those on reduced rates.
- Increased qualified child support payments by €8 per week for children under 12 and €16 for those over the age of 12.
- Increased Fuel Allowance by €5 a week.
- Increased all pension payments by €10 a week.
- Increased the rate of Domiciliary Care Allowance by €20 a month.
- Increased the Working Family Payment income thresholds by €60 per week.
- Increased Carer's Allowance income disregard to €1000 for a single person and €2000 for a couple.
- Committed to maintaining the full year cost of Jobseeker's Pay-Related Benefit introduced earlier this year.
- Committed to pay the Christmas Bonus in December 2025.
- Made allowance for an additional 30,000 recipients of pensions, illness, disability and carers schemes.
- Extended the back to school clothing and footwear payment to two- and three-year-olds.
- Continued support for over 50,000 Beneficiaries of Temporary Protection from Ukraine.

Our Response

- *Social Justice Ireland* notes the €10 increase to primary social welfare rates and regrets that rates were not increased by €25. This was the very minimum necessary to move towards providing basic standards of living among Ireland's poorest.
- We note that young jobseekers also received the €10 increase and, yet again, regret that the rates were not equalised.
- It is regrettable given the large increases in basic living costs that even this small increase in social welfare rates will not be in place until January 2026.
- *Social Justice Ireland* regrets that Budget 2026, yet again, did not address the additional cost of disability.
- *Social Justice Ireland* welcomes the increase, albeit small, to the Fuel Allowance and importantly, the extension of eligibility to those in receipt of the Working Family Payment.
- Child benefit payment remained unchanged. However, the increases in Child Support payments are warmly welcomed. These payments will make real differences to children and their families. Maintaining the gap between the under and over 12s is also welcomed as it acknowledges the extra costs related to older children.
- The increase in income disregards for carers will bring real benefits, opening up eligibility to many more households.
- Budget 2026 was inadequate for those who rely on social welfare. An inability to engage with the labour market should not condemn one to a life of poverty. The lack of real ambition in the social welfare package demonstrates Government priorities.

Healthcare

The Context

People should be assured the required treatment and care in times of illness or vulnerability. The standard of care is dependent to a great degree on the resources made available, which in turn are dependent on the expectations of society.

The continued failure to invest in the infrastructure required for the roll-out of Sláintecare is having an impact on all areas of the health service.

Ireland is the only country without universal primary care coverage, which leads to an overuse of more expensive hospital care and strong inequalities in access persist.

Ireland ranked 22nd out of 35 countries in 2018 in a report by Health Consumer Powerhouse but on the issue of accessibility, Ireland ranked the worst.

Irish hospitals are working at near full capacity. 2.9 hospital beds per 1,000 population was the third lowest in the EU in 2019.

As of May 2025, there were 586,917 people on hospital waiting lists, awaiting outpatient care, of whom 44,441 are on the waiting list for more than 18 months, 6,000 of whom are children.

According to the latest available data, 3,681 children and young people were awaiting supports from the Child and Adolescent Mental Health Service with over sixteen percent waiting for 12 months or more for supports.

Carers provide a huge service to the State. The latest census data shows there are over 299,000 unpaid carers in Ireland providing unpaid care each week, up 53% in 6 years.

The Budget

- Allocated €27.353bn. €25.8bn current expenditure (+€1.5bn) and €1.56bn Capital (+€100m).
- Increased allocation of €1.5bn, comprising €150m in the 2025 base and €1,350m additional spending.
- 2026 Allocation includes pay funding for additional 3,300 WTE (max 136,306 WTE).

Without providing specific budget amounts the following are referenced in the Budget documentation:

- 1.7m additional home support hours.
- 500 Nursing Home Support Scheme clients.
- Support for new Pharmacy Contract
- 2nd phase National Adult Palliative Care Policy.
- Increased staffing and expansion of Services in Suicide prevention, Traveller Mental Health Services, Eating disorders and CAMHS.
- Capital Allocation allowance for the development of 220 to 265 new acute beds and 280 to 290 Community beds.
- 6 Surgical hubs in North Dublin, Cork, Galway, Limerick, Sligo and Letterkenny
- Continued investment in the Ambulance Replacement programme, bases and equipment.
- Progressing CAHMS accommodation at St. Canice's Kilkenny, Castlebar and Drumcondra.
- Community Nursing Units and continued investment in community care programmes.

Our Response

Social Justice Ireland welcomes the increase of €1,350m in new current spending and the Capital budget of €1,560m.

However, we regret that Budget 2026 does not include any direct allocations for the various initiatives in contrast with previous years.

The proposed increase of up to 265 acute and 290 community beds is a positive step, however, the scale of provision needs to be accelerated if patient demands are to be met and trolley waits in EDs reduced.

The proposed expansion of Mental Health Services in respect of suicide prevention, traveller mental health initiatives, CAMHS and eating disorders is important; however the allocation falls far short from what is required to implement the recommendations of 'Sharing the Vision.'

The expansion in home supports services for older people is to be welcomed, however the continued failure by government to deliver the statutory right to home care is very disappointing given the ageing population in Ireland.

Given *Social Justice Ireland*'s long standing advocacy of primary care teams and networks and the necessity to shift the focus towards community based service, it is disappointing that no allocation has been made to complete the ECC programme which has been a key driver of integrated care delivery in Sláintecare.

The exclusion of healthcare infrastructure from the priority areas to benefit from the CJEU expenditure is a significant missed opportunity in accelerating the implementation of the Sláintecare cross party plan for healthcare reform.

Work, Unemployment and Job Creation

The Context

- *Social Justice Ireland* believes the core objective of this area should be to ensure that all people have access to meaningful work. This includes caring work and work in the community, and is not limited to paid employment.
- In 2024, more than 140,000 people with jobs were living on incomes below the poverty line, the 'Working Poor'.
- The unemployment rate at the end of Q2 2025 was 4.8 per cent.
- In Q2 2025, there were almost 3 million people in the labour force, of which 2.2 million were in full-time employment.
- Of the 582,000 people in part-time employment, 1 in 4 were underemployed, meaning that they were working part-time and willing and available to work additional hours.
- According to the Living Wage Technical Group, of which *Social Justice Ireland* is a member, the real Living Wage for 2025/26 is €15.40 per hour, a 4.4 per cent increase from last year's rate. Rising rents contributed two-thirds of the change, while increases in food, home energy and insurance costs together account for a further fifth of the growth in the cost of living.
- Disparities in the National Minimum Wage for young employees mean that those aged 20+ earn 43 per cent more than those aged under-18 for doing the same job. While those aged 18 earn 20 per cent less than the full rate.
- According to Census 2022, there are almost 300,000 people providing care in Ireland, 6 per cent of the population, and an increase of more than 50 per cent compared to Census 2016.
- Auto-Enrolment Retirement Savings Scheme, called My Future Fund, is set to roll out in January 2026.

The Budget

- Increased the National Minimum Wage by €0.65 per hour to €14.15 per hour.
- Announced a successor to the pilot Basic Income Scheme for the Arts.
- Provided €1.4 million to establish a National Artificial Intelligence Office.
- Increased the 2% USC rate ceiling entry threshold to €28,700.
- Increased the top up for Community Employment, Tús and Rural Social Scheme participants to €32.50.
- Allocated €433 million to support the completion of the National Broadband Plan.
- Raised the income threshold for the Working Family Payment (WFP) by €60 per week for all families and extended Fuel Allowance to these households.
- Increased the Carer's Allowance income disregard to €1,000 for a single person and €2,000 for a couple.
- Extended Back to Work Family Dividend to people getting Disability Allowance or Blind Pension when taking up employment.
- Invested in tourism marketing and product development to achieve growth targets, including investment in regenerative tourism projects across the regions.
- Increased current payment for Job Initiative participants by €10.
- Increased the maximum personal weekly rate of Jobseeker's Benefit and weekly rate of Jobseeker's Allowance payments from January 2026 by €10.
- Increased Domiciliary Care Allowance by €20 per month.

Our Response

- *Social Justice Ireland* regrets that the introduction of a Living Wage was further delayed.
- We welcome the commitment to continue funding the Basic Income for Artists Scheme.
- Social *Justice Ireland* regrets that there was no increase in personal and PAYE tax credits.
- We regret that the Government did not make the tax credits refundable. This would have made Ireland's tax system fairer, addressed part of the working poor problem, and improved the living standards of a substantial number of people.
- We welcome the increase to the income threshold for the Working Family Payment and extension of Fuel Allowance to recipients of this payment to support them with increased costs this winter.
- We welcome the increases to the Carer's Allowance Means Test disregards and Domiciliary Care Allowance.
- We also welcome the establishment of National Artificial Intelligence (AI) Office, however, we regret that the Government did not establish a Commission on the Impact of Digitalisation and AI with a focus on vulnerable groups.
- We regret the introduction of the Auto -Enrolment Retirement Savings scheme. We believe that a better approach would be to reform the pensions system by abolishing tax breaks and providing an adequate universal pension to all.

Public Finances 2024 — 2026

Below we outline the government finances for 2026 and the preceding two years. The current budget comprises the income (or receipts) and expenditure associated with the day-to-day running of the country. Income includes revenue from taxation and flows of funds to the government from other sources. Collectively these give a figure for the total income expected by the government. Expenditure includes interest payments on the national debt, contributions to the European Union, and the costs associated with the day-to-day running of Ireland's economic and social services.

When transfers to the social insurance fund (PRSI) and unspent resources from previous years are excluded, a figure for ***net current expenditure*** planned for next year is reached. The ***current budget balance*** indicates by how much day-to-day income exceeds (if positive), or falls short of (if negative) day-to-day spending. The capital budget captures government investment. Collectively the current budget balance and capital budget balance combine to give the Exchequer Balance. General Government Balance measures the fiscal performance of all arms of Government, providing an accurate assessment of the fiscal performance of a more complete "government" sector. This measure is used to assess compliance with the Stability & Growth Pact. As part of the updated pact, the government is obliged to prepare a medium-term fiscal-structural plan (MTP), setting out sustainable budget plans for the next five years.

Rounding may impact on totals	**2024**	**2025**	**2026**
CURRENT BUDGET	**€m**	**€m**	**€m**
Expenditure			
Gross Voted Current Expenditure	89,050	91,980	98,700
Non-Voted (Central Fund) Expenditure	7,030	7,075	7,915
Gross Current Expenditure	**96,085**	**99,055**	**106,615**
less Receipts and Balances	17,985	18,335	18,420
Net Current Expenditure	**78,100**	**80,720**	**88,195**
Receipts			
Tax Revenue	108,025	106,295	109,180
Non-Tax Revenue	1,565	3,575	1,745
Net Current Revenue	**109,590**	**109,870**	**110,925**
CURRENT BUDGET BALANCE	**31,490**	**29,150**	**22,730**
CAPITAL BUDGET			
Expenditure			
Gross Voted Capital Expenditure	14,640	17,100	19,100
Non-Voted Capital Expenditure	5,755	13,665	8,005
Gross Capital Expenditure	**20,395**	**30,765**	**27,105**
less Capital Receipts	45	55	110
Net Capital Expenditure	**20,350**	**30,710**	**26,995**
Capital Resources	**1,610**	**2,450**	**2,420**
CAPITAL BUDGET BALANCE	**-18,740**	**-28,260**	**-24,575**
EXCHEQUER BALANCE	**12,755**	**890**	**-1,845**
GENERAL GOVT BALANCE	**23,445**	**10,245**	**5,122**
*% of GNI**	7.3	3.0	1.4

ODA and Climate Finance

There continues to be a lack of transparency in the composition of Ireland's overseas development aid that complicates calculating progress towards the UN target of 0.7% of national income. Greater clarity is needed to distinguish between Official Development Assistance (ODA), climate finance, and humanitarian assistance to people seeking refuge in Ireland.

Recent budgets have made significant commitments to climate finance, which is rightly provided on a grant basis. As stated, the inclusion of Climate Finance within ODA distorts our commitments. *Social Justice Ireland* had called for Government to make a separate allocation of €225m to climate finance in 2026 and it is regrettable that this target was not reached.

Lack of transparency is further compounded by the inclusion of costs associated with supporting Ukrainian refugees as part of overall ODA, despite this money being spent in Ireland. €626.52m of expenditure related to this was counted towards our target in 2024. While these costs are likely to decline in coming years, *Social Justice Ireland* maintains that this should not be recorded as contributing towards our ODA target.

We welcome the additional €30 million allocation to ODA. We also welcome the €35 million committed to the World Food Programme. This funding is, however, wholly inadequate, falling far short of the €205.7m required to make meaningful progress towards achieving the UN target of 0.7%.

The SDGs

Social Justice Ireland monitors Ireland's performance towards achieving the SDGs through our annual Sustainable Progress Index. The latest version of the Index shows that Ireland ranked 9th overall out of 14 EU peer countries. Ireland ranked joint 7th out of the 14 countries on the economy, 6th out of 14 on the social index, and ranked 11th on the environment index highlighting the major challenges we face in meeting our environmental goals set out in Agenda 2030.

Ireland's Sustainable Development Goals National Implementation Plan is guided by five strategic priorities; policy coherence, integration, partnership and engagement, leave no one behind, and reporting and monitoring. If Ireland is to achieve the SDGs by 2030, national targets for each SDG and new and ambitious policy measures are required. We are disappointed that Budget 2026 did not provide additional funding to support the Central Statistics Office (CSO) to align its Sustainable Development Indicators with the National Implementation Plan so that Ireland has a comprehensive set of data to measure progress.

SOCIAL WELFARE: Social Insurance weekly rates in 2026

PERSONAL AND QUALIFIED ADULT RATES	Present Rate	New Rate	Change
	€	€	€
Jobseeker's Benefit			
Personal rate	244.00	254.00	10.00
Person with qualified adult	406.00	422.60	16.60
State Pension (Contributory)			
Personal rate	289.30	299.30	10.00
Person with qualified adult (under 66)	482.00	498.70	16.70
Person with qualified adult (66 or over)	548.70	567.70	20.00
Personal rate (aged 80 or over)	299.30	309.30	10.00
Person (aged 80 or over) with qualified adult (under 66)	492.00	508.70	16.70
Person (aged 80 or over) with qualified adult (66 or over)	558.70	577.70	19.00
Bereaved /Surviving Civil Partner Contributory Pension			
Personal rate (under 66)	249.50	259.50	10.00
Personal rate (66 - 79)	289.30	299.30	10.00
Personal rate (80 or over)	299.30	309.30	10.00
Invalidity Pension:			
Personal rate	249.50	259.50	10.00
Person with qualified adult	427.80	444.90	17.40
Carer's Benefit			
Personal rate (caring for one person)	261.00	271.00	10.00
Maternity Benefit			
Personal rate	289.00	299.00	10.00
Death Benefit Pension			
Personal rate (under 66)	274.50	284.50	10.00
Personal rate (66 - 79)	293.70	303.70	10.00
Personal rate (80 or over)	303.70	313.70	10.00
Disablement Benefit			
Personal rate (maximum)	275.00	285.00	10.00
Illness Benefit			
Personal rate	244.00	254.00	10.00
Person with qualified adult	406.00	422.60	16.60
Injury Benefit/Health and Safety Benefit			
Personal rate	244.00	254.00	10.00
Person with qualified adult	406.00	422.60	16.60
Guardian's Payment (Contributory)			
Personal rate	227.00	237.00	10.00
Qualified Child Support Payment			
All schemes in respect of children under 12	50.00	58.00	8.00
All schemes in respect of children over 12	62.00	78.00	16.00
Child Benefit			
Rate per child (all children)	140.00	140.00	0.00
Living Alone Allowance (All Relevant Schemes)	22.00	22.00	0.00

SOCIAL WELFARE: Social Assistance weekly rates in 2026

	Present Rate	New Rate	Change
	€	€	€
Jobseeker's Allowance			
Personal rate (Under 25)	153.70	163.70	10.00
Person with qualified adult (under 25)	307.40	327.40	20.00
Personal rate (25 years and over)	244.00	254.00	10.00
Person with qualified adult	406.00	422.60	16.60
State Pension (Non-Contributory)			
Personal rate	278.00	288.00	10.00
Person with qualified adult (under 66)	461.60	478.20	16.60
Personal rate (aged 80 or over)	288.00	298.00	10.00
Person (aged 80 or over) with qualified adult (under 66)	471.60	488.20	16.60
Bereaved /Surviving Civil Partner (Non-Con) Pension	244.00	254.00	10.00
Carer's Allowance			
Aged under 66 (caring for one person)	260.00	270.00	10.00
Aged 66 or over (caring for one person)	298.00	308.00	10.00
Disability Allowance			
Personal rate	244.00	254.00	10.00
Person with qualified adult	406.00	422.60	16.60
Farm and Fish Assist			
Personal rate	244.00	254.00	10.00
Person with qualified adult	406.00	422.60	16.60
Guardian's Payment (Non-Contributory)	227.00	237.00	10.00
Living Alone Allowance (All Relevant Schemes)	22.00	22.00	0.00
One-Parent Family Payment			
Personal rate with one qualified child (up to age 12)	294.00	312.00	18.00
Increases for a Qualified Child			
All schemes in respect of children under 12	50.00	58.00	8.00
All schemes in respect of children over 12	62.00	78.00	16.00

Budget 2026: Local Communities and Social Cohesion

Budget 2026 commits to supporting our local communities. We spend most of our time locally and Government states that they intend to support vibrant, inclusive and sustainable communities throughout Ireland where people can live, work and connect.

Social Justice Ireland welcomes the allocation of €291m to sport and recreation which contributes to a healthier and more active society. We hope that this allocation will be also be distributed to community level under resourced sports.

Our communities are changing which is acknowledged by the allocation of almost €74 million for the Social Inclusion and Community Activation Programme. Of which €13 million is earmarked for integration supports for new arrivals and the communities where they settle.

In 2024, there were an estimated 1,688,800 young people aged 24 and under. Many of these young people experienced a once in a lifetime pandemic coupled with ongoing climate and geo-political uncertainties which impact on their schooling, their participation in sports and cultural activities as well as their social formation. An uncertain future has an impact. Youth workers and youth services provide vital spaces for young people to learn and grow away from school and family. Youth work does not get a mention in Budget 2026.

We welcome the Rural Regeneration and Development Fund (€60m), LEADER programme (€32 million), Town and Village Renewal (€21m), and CLÁR (€12million), Local Improvement Scheme (€17 million), and the Outdoor Recreation Infrastructure Scheme (€17m) and the ongoing funding for the Walks Scheme, Tidy Towns, and the promotion of remote working through the Connected Hubs initiative.

The Socio-Economic Context of Budget 2026

Table 22.1: Ireland’s Social and Economic Context - Budget 2026			
Population		**Housing and Homelessness**	
Population (April 2015 / 2025)	4.63/ 5.46 million	Current Social Housing Waiting List	59,941 households
% of population older than 65 in 2022/2042	15.1% / 22.2%	Approximate number of households in need of sustainable housing	135,000
% of population older than 80 in 2022/2042	3.5% / 6.8%	Homeless adults (Aug 2024 / Aug 2025)	10,067 / 11,208
Net migration (year to April 2024/ year to April 2025)	79,300 / 59,700	Homeless children (Aug 2024 / Aug 2025)	4,419 / 5,145
Net migration of Irish nationals (year to April 2024 / year to April 2025)	-4,700 / -3,500	Adult/child homelessness (% change since September 2021)	+82.8% / +119.5%
Income, Poverty and Inequality (SILC 2024)		**Labour Market** (all figures Q2 2025, unless otherwise stated)	
Average Equivalised Disposable Income in 2024	€34,173	Labour Force (Number / change in previous 12 months)	2.96 million / +73,500
Median Equivalised Disposable Income in 2024	€29,996	Employment (Number / % change in previous 12 months / change in absolute numbers)	2.82 million / 2.3% / +63,900
Poverty line 2024, based on 60% of the Median Disposable Income, 1 adult (week/year)	€366.30 / €19,113	Unemployment (Number / %)	140,800 / 4.8%
Poverty line 2024, 2 Adults (week/year)	€608.06 / €31,728	Youth Unemployment Rate (2024 / 2025)	12.0% / 13.2%
Poverty line 2024, 1 Adult + 1 Child (week/year)	€487.18 / €25,421	Long-term unemployment rate (2024 / 2025)	0.9% / 1.1%
Poverty line 2024, 2 Adults + 2 Children (week/ year)	€849.81 / €44,343	National Minimum Wage 2026 (per hour / 39 hr week)	€14.15/ €551.85
Living in poverty in 2024 (% / people)	11.7% / 629,495	Living Wage 25/26 (per hour / 39 hr week)	€15.40 / €600.60
Children in poverty in 2024 (% / people)	15.4% / 190,108	Average Weekly Earnings	€1,015.43
Experiencing enforced deprivation in 2024 (% / people)	15.7% / 844,707	**Social Welfare**	
Experiencing consistent poverty in 2024 (% / people)	5.0% / 269,015	Jobseeker’s Benefit: Personal rate / Increase for qualified adult	€254 / €168.60
Poverty rate in 2024 (Urban vs Rural)	12% vs 11.2%	Jobseeker’s Allowance: Maximum Personal Rate / Rate for those aged 18-24	€254 / €163.70
Deprivation rate in 2024 (Urban vs Rural)	15.7% vs 15.7%	State Pension: contributory / non-contributory	€ 299.30/ €288.00
Ratio of bottom 20% to top 20% in income share (2023/2024)	1 : 3.8 / 1 : 3.8	Child Benefit (flat rate for all children)	€140 per month
Gini coefficient 2007 / 2017 / 2024	31.7 / 31.5 / 26.9	Minimum Social Welfare Payment (1 adult)	€254.00
At risk of poverty rate (2024) Northern and Western / Southern / Eastern and Midland	18.9% / 10.7% / 9.8%	Minimum Essential Standard of Living (MESL) — working age adult living alone (urban/rural)	€287 / €353 per week

Sources: CSO population projections; CSO SILC data; CSO Labour Force Survey; Department of Housing, Planning and Local Government; Housing Agency; NERI; Budget 2025 Comprehensive Expenditure Report; Central Bank; ESRI; Various other Government Departments and Agencies
Notes: * = projection; ** = CSO SILC data; ^ = latest available figure

Budget 2026 — Key Numbers, Data & Trends

To accompany Budget 2026, the Departments of Finance and Public Expenditure, Infrastructure, Public Service Reform and Digitalisation have published a series of documents detailing the changes announced in the Budget. Throughout this *Analysis and Critique,* we have examined various aspects of these changes.

The table below presents the Department of Finance's expectations of National Income this year and next year. It outlines the Exchequer Budgetary Position in a number of areas, and outlines the projected Exchequer Budgetary Position over that period.

Expectations of future changes to employment, unemployment and inflation are also detailed. Also included is information on the taxation system following the implementation of Budgetary changes, and details Government projections in inflation, the labour market, and the size of budgetary adjustments.

The table also outlines the size of the Department of Finance's budgetary changes, and examines the situation in relation to the size and burden of the national debt.

Table 23.1: The Budget in Numbers - Key Data from Budget 2026

National Income		**Inflation and the Labour Market**	
Nominal GDP/GNI* in 2025 (€ billion)	634 / 339	Core Inflation in 2025/2026 (%) (HICP)	1.9 / 1.9
Nominal GDP/GNI* in 2026 (€ billion)	653 / 360	Total Employment (millions) (2026/2027/2028)	2,860 / 2,896 / 2,926
Nominal GDP/GNI* in 2027 (€ billion)	695 / 379	Unemployment rate change (%) (2026/27/28)	4.8 / 4.9 / 5.0
Real GDP growth (%) 2025 / 2026 / 2027	10.8 / 1.0 / 4.2	Projected employment growth (%) (2026/27/28)	1.5 / 1.2 / 1.0
Real GNI* growth (%) 2025 / 2026 / 2027	3.3 / 3.3 / 2.5	**Taxation**	
Exchequer Budgetary Position		Income Taxation - lower rate / higher rate	20% / 40%
Current Budget Balance, 2026 (€m)	22,730	Employer PRSI / Employee PRSI	11.25% / 4.2%
Capital Budget Balance, 2026 (€m)	-24,575	USC on incomes of €13,000 or less:	Exempt
Net Capital Expenditure, 2026 (€m)	26,995	USC, €0 - €12,012	0.5%
Government Expenditure Ceiling 2026 (€m)	117,800	USC, €12,013 - €28,700	2%
Government Expenditure Ceiling 2025 (€m)	109,080	USC, €27,383 - €70,444	3%
General Government Balance 2026 (€m)	5,120	USC, €70,445 +	8%
General Government Balance 2025 (€m)	10,245	USC, €100,000+ (Self employed)	3% surcharge
General Govt Balance 2025/26 (% GNI*)	3.0 / 1.4	Capital Gains Tax Rate	10% / 33%
Change in personal consumption (% 2025/26)	2.9 / 2.3	**Size of Budgetary Changes in 2026**	
Change in modified domestic demand (% 2025/26)	3.3 / 2.3	Income Tax Changes (Full Year) (€m)	0
Gross Debt Ratio as % of GNI* in 2026	58.6	USC Changes (Full Year) (€m)	-76
Interest on National Debt 2025 (€m / % GNI*)	2,990 / 0.9	Exchequer Balance (€bn)	-1.8
Interest on National Debt 2026 (€m / % GNI*)	2,890 / 0.8	Gross Voted Expenditure (€m)	117,800
Interest on National Debt 2027 (€m / % GNI*)	Unavailable	Revenue from Carbon Tax Increases (Full Year) (€m)	157

Sources: Various tables throughout Budgetary publications, and our own calculations.

Thinking in Terms of One Year Instead of Ten

As the first Budget of the new term of Government, Budget 2026 needed to answer a number of questions about the long-term challenges facing our society.

Many of these challenges are longstanding, while future challenges are fast approaching: poverty, social exclusion, infrastructural deficits, inadequate service provision, demographic change, decarbonisation and more.

We need to recognise that a short term approach is insufficient to address these challenges. Budgetary policy must look to a ten-year horizon at a minimum. Does Budget 2026 do so?

Indexation is needed to embed permanence and predictability into our social welfare system, rather than setting rates from year to year without reference to any benchmark. However, Budget 2026 failed to commit to the principle of benchmarking.

We need to secure our public finances by preparing for a decline in windfall revenue. To do so we need to set a long-term tax take that we can the work towards over the long term and also embed predictability by linking it to the size of the population. However, Budget 2026 failed to set a tax-take target.

We must be realistic about the present and future demand on housing, especially social housing, and to set construction targets based on those long-term needs and work to increase the capacity to achieve those targets. Again, the resources allocated to building social homes in Budget 2026 fails to recognise the scale of unmet need and future demand.

We also must acknowledge that if the transition to a low carbon economy is to be a Just Transition, if we are to get there in a way that supports our societal wellbeing, this needs substantial investment today. Insufficient progress has been made in this Budget to set us on a the right path.

Shaping a secure and just future requires a balance between the economy, society and the environment. A vibrant economy is important, but by itself is not enough. For many years, *Social Justice Ireland* has argued that a siloed approach to economic and social development and environmental protection simply does not work.

Securing our long-term success requires Government to embed resilience in our public finances, in our social infrastructure, and in our communities and people. We need an integrated and strategic approach if we are to positively shape our long-term future. Investment is required in infrastructure and services to develop a thriving economy. We need just taxation to fund this. We need good governance to ensure people have a say in shaping the society they live in. We also need to ensure that everything that is done is sustainable; environmentally, economically and socially. These issues must be resolved together.

To set our country on the correct footing and secure our future, a new Social Contract is needed that deals with the major challenges facing our society in an integrated manner. Alas, Budget 2026 fails to look sufficiently to the long-term and strategic needs, rather than the short-term political demands.

Some recent Publications from *Social Justice Ireland*

Budget Choices 2026

Social Welfare Rates: Budget 2026

Policies for Ageing Well at Home in Ireland: Health and Wellbeing 2025

Tracking the Distributive Effects of Budget Policy: 2025 Edition

Social Justice Ireland's Submission to the National Housing Plan 2025-2030

National Social Monitor - Putting Fairness First

Social Justice Matters: 2025 guide to a fairer Irish Society

All of these publications are available on our website at www.socialjustice.ie

SOCIAL JUSTICE IRELAND

working to build a just society

Social Justice Ireland is an independent think tank and justice advocacy organisation that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for society as a whole.

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An Roinn Forbartha Tuaithe agus Pobail
Department of Rural and Community Development

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Rialtas na hÉireann
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