SOCIAL JUSTICE IRELAND

working to build a just society

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Budget Choices

Pre-Budget Submission, Budget 2026

Ireland is facing into a period of rapid change and volatility. The global economy poses many risks, but there are longstanding challenges that stretch back to well before the impact of tariffs: housing, homelessness, poverty, and inadequate social infrastructure.

Building resilience requires a robust and adequately resourced social and economic infrastructure. Government decisions to raise or reduce overall taxes need to be linked to the demand on resources. Ultimately, Ireland's overall level of taxation will have to rise in the years ahead to meet demands on spending – a reality that *Social Justice Ireland* emphasised in our 2022 submission to the Commission on Taxation and Welfare. This should be achieved in a fair manner, and Government ought to adhere to its commitment to deliver progressive budgets.

A Question of Fairness

At the heart of *Budget Choices 2026* is the principle of fairness. We are wealthier than at any time in our history, and yet almost 630,000 people are living below the poverty line, 190,000 of whom are children. Over 15,500 people are in emergency homeless accommodation. Work done by the Vincentian MESL research centre shows that both the minimum wage and social welfare rates are inadequate to provide a minimum essential standard of living.

Furthermore, in last year's Budget the rich-poor gap increased to its highest level since our analysis commenced, meaning the gap between those with the highest incomes and those on the lowest has widened as a result of policy choices. Government put €1,214 per annum more into the pockets of someone on €100,000 a year than it gave to someone on the lowest income (see p15, see also pp 4, 7). Budget policy should aim to narrow this gap if Government is to take seriously its commitment to deliver progressive Budgets.

If we are really to tackle poverty, then we must invest in adequate incomes. Core social welfare rates must increase by €25 in Budget 2026, and Government must commit to benchmark social welfare rates to average weekly earnings if it is to have any impact on reducing poverty and meeting its own targets (see p9).

Inadequate Infrastructure and Services

Ireland's infrastructure and social services have been inadequate in areas such as housing, public transport and healthcare for years. Securing the future wellbeing and prosperity of Irish society does not depend solely on sound public finances, it also requires resilience in our infrastructure and services. Sufficient investment is essential if we are to manage demographic change. It is essential that Budget 2026 address the deficits in our infrastructure.

As a country we face some significant challenges, but we are also in the unprecedented position where we are in receipt of windfall gains from corporate tax revenue. The creation of the Future Ireland and Infrastructure, Climate and Nature funds was a welcome initiative. However, while these funds support future capital spending, Government should also harness windfall revenue to address existing deficits in infrastructure and services if we are to enhance our long-term social and economic resilience.

Government, through a social dialogue process could use this revenue as the foundation of a new social contract which would commit the state and social partners to improving economic management with a view to enhancing the standard of living of all the Republic's residents.

Policy Briefing is a regular publication issued by Social Justice Ireland. It addresses a wide range of current policy issues from the perspective of the common good.
Comments, observations and suggestions on this briefing are welcome: secretary@socialjustice.ie

Budgetary Stance and Proposals

Continued from Page 1

Resourcing the Common Good

At present, while the public finances are in surplus, this is largely due to corporation tax receipts that are inherently high-risk. Excluding these receipts, the underlying fiscal position would be in deficit pointing towards the need for sustainable, recurring revenue sources (see p3).

If we do not take steps now to broaden our tax base and increase recurring revenue we face the risk of a return to austerity. Those least well off in our society must not be the ones left to bear the cost of reduced corporate revenue in the form of a decline in the value of core welfare rates or reduced investment in our shared services and social infrastructure. *Social Justice Ireland* believes that Budget 2026 should be guided by one core principle: that the measures adopted prioritise the protection of the most vulnerable groups in Irish society.

We must be realistic about how much will need to be spent on our social infrastructure and services both in future and to address existing deficits. As a policy objective, Ireland can remain a low-tax economy, but it should not be incapable of adequately supporting our economic, social, and infrastructural needs.

Budget 2026 should outline a clear plan for the anticipated decline in windfall revenues in the long-term. Our overarching budgetary proposal is that Government set a per capita tax-take target and that Ireland's overall level of taxation should reach a level equivalent to approximately €26,866 per capita in 2025 terms. This would yield an additional €28bn in 2026.

Reaching this target would provide the recurring sustainable revenue for the state to invest in public services and improve living standards for all, reducing our exposure to unsustainable corporate tax receipts. In this briefing we lay out a range of taxation measures that would contribute to broadening the tax base. The tax measures we have proposed here would yield €4.2bn in 2026, as a step towards reaching the overall tax-take target (see p5).

Social Justice Ireland proposes that Budget 2026 be taken in two parts to ensure transparency and accountability. In Budget 2026 and in the coming years, Government should move towards investing once-off windfall tax gains solely in one off projects. This revenue and capital spend should then be accounted for separately from the "normal" Budget. Meanwhile we ought to move to a position where recurring expenditure is resourced from increased recurring revenue. The relationship between recurring revenue and current spending should be presented using the regular budget process. This would ensure full transparency of the budgetary process and avoid any sudden major shortfall in revenue when windfall tax revenues dry up.

Packages Proposed for Budget 2026

Proceeding as we have done in recent years will not address the challenges Ireland faces. A new social contract in pursuit of the Common Good is needed. This new social contract should be focused on building a sustainable economy that delivers for everyone. *Social Justice Ireland* has set out five overarching goals that

Securing Ireland's future does not depend solely on building resilience in our public finances, it also requires investment in our infrastructure, services and people

are essential to the Common Good: to deliver a vibrant economy, decent services and infrastructure, just taxation, good governance and sustainability. Crucially, however, these five policy outcomes must be addressed simultaneously. It is not sufficient to prioritise economic development with the argument that this will produce the resources to achieve the other four outcomes. These overarching goals should underpin the first budget of this Government in order to shape public policy over the next five years.

Major Packages Proposed include:

Housing: €285m net package including an increase in stamp duty for transfers of property exceeding €1m, an end to the Help to Buy Scheme and investment in homelessness prevention. A further €1.9bn to be invested from windfall receipts for the construction of social housing. (p. 8)

Just Transition: €161m net package including investment in renewable energy, biodiversity, Just Transition and the Circular Economy, and an aviation tax on commercial flights. A further €1bn to be invested in upgrading our energy infrastructure. (p. 14)

Healthcare, carers and disability: €870m investment prioritising social and community care, disability, and mental health. A further €600m for Sláintecare infrastructure. (p. 11)

Children and Families: €1,592m investment in an increase to Child Benefit, the qualified child payments, Early Childhood Care and Education, and child protection. (p. 12)

Rural, Regional and Community Development: €285m investment prioritising the regional development and transition, rural transport, integration, and community schemes. (p. 10)

Education: €523m investment in areas such as reducing class sizes, adult literacy, DEIS, skills development, community education, digital education and higher education. (p. 12)

Pensions and Older People: €1,607m investment prioritising a universal pension, and investment in social and home care. (p. 13)

Overseas Development and International Protection: €218m investment in ODA, to move towards the UN target of 0.7per cent of national income, and international protection. A further €225m towards climate finance and €600m for international protection accommodation drawn from windfall revenue (p. 16).

Taxation Reform (p. 5-6):

- Changes to income tax - €327m
- Increases to capital taxes - €896m
- Non-indexation of income tax system - €1,100m

Our proposals (and costings) to address all the issues identified here are outlined in greater detail in the following pages. Proposals for the reform of taxation are also set out. These are the choices we believe Government should make in Budget 2026.

Budget Context & Fiscal Stance

There are five different contexts for Budget 2026. Individually and collectively, these frame the choices that Government must make. They are, in no particular order:

(i) **A Fiscal Context:** where the Government is running a large budget surplus driven by short-term revenue linked to full-employment, consumption linked to short-term cost of living supports and income tax cuts, and windfall revenue from a small number of multi-national companies in the pharma and tech sector.

Table 3.1 outlines the recent figures from the Department of Finance's new *Annual Progress Report* (May 2025); which has replaced the annual *Stability Programme Update*. The reported impact of estimated windfall receipts from corporate taxation is stark; that is revenue over and above the normal taxation that would arise from corporate activities. These are expected to exceed €13bn in 2026 and reflect windfall gains to the state triggered by the OECD BEPS reforms of international corporate taxation and a slow but overdue realignment of corporate profits with corporate activities. In the medium-term these revenues will shift from Ireland to other states where the activity and profits arise; irrespective of the accountancy techniques that currently move them around and to lower corporate tax jurisdictions like Ireland. However, for now they are flowing to the Irish state.

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 €4.6bn in 2025 and almost €6.8bn in 2026. The unsustainability of this position is of major concern; at a time of full-employment, strong consumption and continued economic growth, the existence of a underlying budget deficit raises major questions. The 2024 Irish Fiscal Advisory Council (IFAC, June 2024 p5) report put it well, asking "if underlying surpluses are not being run now that the economy is strong, when would they be run?".

The current precariousness and narrowness of Ireland's taxation base places the state in a very risky position, one Budget 2026 cannot continue to ignore. Over many years *Social Justice Ireland* has highlighted the inadequacy of the Ireland's overall taxation level (see p6) and we note the conclusion of the most recent IFAC report (June 2025 p23-24) that underlying Government revenue (excluding windfall gains) is at its lowest level relative to national income since 1980. Overall, Ireland's current fiscal policy is unsustainable and in the longer-term it is a recipe for austerity.

(ii) **Uncertainty:** where the threats from trade disputes with the United States and geopolitical instability (in Ukraine, the Middle East, and Israel/Palestine) retains the potential to have further effects on economic activity, living costs and living standards across 2026.

(iii) **International Commitments and Targets:** where Ireland has agreed to achieve net zero greenhouse gas emissions by 2050 with an interim target of a 50% reduction by 2030 (versus 1990 levels). Where Ireland is signed up to meeting, and supporting other countries to meet, the UN's 17 Sustainable Development Goals (SDGs) by 2030. And, where Ireland is committed to adhering to national and EU level fiscal rules controlling the growth in annual Government expenditure.

(iv) **An Economy Context:** where the Irish economy is increasingly divided between a booming international sector and a more fragile domestic economy. Both are also impacted by ongoing shifts in world trade and a realignment of the international political order.

(v) **A Social Context:** where persistent deficits in public services and social infrastructure combine with ongoing challenges in inequality, participation and living standards to leave more and more in our society struggling.

Social Justice Ireland's proposed stance

Social Justice Ireland believes that Budget 2026 should be guided by one core principal, that ***the measures adopted prioritise the protection of the most vulnerable groups in our society***. Reflecting this approach, *Social Justice Ireland* proposes that:

- Budget 2026 outlines a medium-term plan of one-off investments in our social and physical infrastructure funded from one-off windfall corporate taxation revenues; and
- Budget 2026 adopts recurring taxation and expenditure measures which prioritise the protection of the most vulnerable groups in our society while addressing the unsustainability of current fiscal policy approaches.

Table 3.1 Department of Finance Fiscal Projections, May 2025

	2024	2025	2026
General Government Revenue €m	148,290	140,215	146,450
General Government Expenditure €m	125,110	131,550	140,135
General Government Balance €m	**+23,180**	**+8,665**	**+6,315**
of this			
Apple tax payment €m	*14,235*		
Windfall Corporate taxes €m	*14,600*	*13,300*	*13,100*
Government Balance without windfalls €m	**-5,655**	**-4,635**	**-6,785**
Annual transfers to Savings Funds €m	4,050	6,080	6,270

Source: Department of Finance (2025: 27, 39). **Note:** There are small differences with Department of Finance figures due to rounding.

Ireland's current fiscal policy is unsustainable and in the longer -term it is a recipe for austerity

...the 2024 Fiscal Council report put it well: "if underlying surpluses are not being run now that the economy is strong, when would they be run?"

The Income Gap and the Legacy of Temporary Measures

Budget 2025, announced in October 2024, was the final budget of the outgoing coalition Government and was presented in the wake of the ongoing crisis. Like Budgets 2023 and 2024, it contained a mixture of measures that took effect before the end of that year and measures that took effect from the start of 2025.

Using *the Social Justice Ireland* Income Distribution model, we bring together the impact of all these changes. The household energy credit paid to all households in late 2024, once off increases in welfare payments (two double child benefit payments, lump sum payments to recipients of the fuel allowance, living alone allowance and qualified child increase) made before the end of 2024, and the Christmas bonus welfare payment. These are collectively referred to as ***'Budget 2025 for 2024'*** measures. The household energy credit paid to all households in early 2025, plus changes taking effect from 1st January to welfare rates and income taxation (via changes to bands, credits, the USC and PRSI). These are collectively referred to as ***'Budget 2025 for 2025'*** measures.

The households we examine, as presented in Table 4.1, are those tracked annually in our 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.

Overall, the total weekly impact on the households examined is large, ranging from €21 to €65 a week for welfare dependent households and from €5 to €43 a week for households with jobs. Within welfare dependent households the largest disposable income gains have been received by those with children. Among working households, tax changes have favoured those with income subject to the higher income tax rate. As part of our budgetary policy engagement over recent years, we have highlighted that there is a marked difference in the way the recent budgets have delivered income changes to households. They have included ***temporary measures***, such as electricity credits and one-off additional welfare related payments, alongside ***permanent measures*** such as changes to the value of core welfare payments and changes to tax credits, tax bands and PRSI rates.

The new Government (appointed in early 2025) has made it clear that these temporary measures will be discontinued as the cost-of-living crisis fades, however, the income effect of the permanent changes will remain. The reliance on temporary measures by lower income households will therefore widen the income divisions in Irish society. Consequently, we think it is important to consider the distributive impact of the Budget taking account of these differences; something that the Government has failed to do through the recent set of cost-of-living crisis Budgets.

Table 4.1 Combined Weekly Impact (€) of Budget 2025 Cost-of-Living Measures and Tax-Benefit Changes

	Budget 2025 for 2024	Budget 2025 for 2025	Total for Budget 2025	*Tax change*	*Welfare increase*	*Temp. welfare & credits*	*% temp. measures*
Welfare Dependent Households							
Couple, 2 children (both over 12yrs)	***26.45***	***38.32***	**64.77**		35.92	28.85	44.5%
Couple, 2 children (both under 12yrs)	***26.14***	***30.32***	**56.46**		27.92	28.54	50.5%
Couple pensioner	***18.24***	***25.20***	**43.43**		22.80	20.63	47.5%
Lone parent, 1 child (over 12yrs)	***20.92***	***22.40***	**43.32**		20.00	23.32	53.8%
Lone parent, 1 child (under 12yrs)	***20.77***	***18.40***	**39.17**		16.00	23.17	59.2%
Couple, no children	***9.80***	***22.32***	**32.12**		19.92	12.20	38.0%
Single pensioner	***17.31***	***14.40***	**31.70**		12.00	19.70	62.1%
Single unemployed	***6.85***	***14.40***	**21.24**		12.00	9.24	43.5%
Household with Jobs							
Couple 2 earners at €200,000	***2.40***	***41.07***	**43.46**	38.67		4.79	11.0%
Couple 2 earners at €150,000	***2.40***	***38.67***	**41.07**	36.27		4.79	11.7%
Couple 2 earners at €100,000	***2.40***	***35.31***	**37.70**	32.91		4.79	12.7%
Couple 1 earners at €100,000	***2.40***	***27.01***	**29.40**	24.61		4.79	16.3%
Couple 1 earner at €60,000	***2.40***	***25.85***	**28.24**	23.45		4.79	17.0%
Couple 2 earner & 2 children, at €60,000	***13.14***	***14.08***	**27.22**	11.68		15.54	57.1%
Single, job at €100,000	***2.40***	***21.74***	**24.13**	19.34		4.79	19.9%
Couple 1 earner & 2 children, at €30,000*	***20.81***	***2.95***	**23.76**	0.55		23.21	97.7%
Single, job at €120,000	***2.40***	***21.35***	**23.75**	18.95		4.79	20.2%
Single, job at €60,000	***2.40***	***20.58***	**22.97**	18.18		4.79	20.9%
Couple 2 earners at €80,000	***2.40***	***16.53***	**18.92**	14.13		4.79	25.3%
Single, 1 child, job at €30,000*	***7.77***	***10.61***	**18.38**	8.21		10.16	55.3%
Couple 2 earners at €60,000	***2.40***	***14.08***	**16.48**	11.68		4.79	29.1%
Single, job at €40,000	***2.40***	***9.46***	**11.86**	7.06		4.79	40.4%
Single, job at €30,000	***2.40***	***7.74***	**10.13**	5.34		4.79	47.3%
Couple 1 earner at €30,000	***2.40***	***2.95***	**5.34**	0.55		4.79	89.7%

Source: Social Justice Ireland *Tracking the Distributive Effects of Budgetary Policy—2025 edition (available online).*
**Depending on circumstances, these household may also be entitled to the Working Family Payment.*

Taxation - Choices for Budget 2026

Budget 2026 offers an opportunity for the new Government to reform some aspects of the current taxation system in the interests of enhancing fairness and sustainability. On this page we outline a series of reforms for Budget 2026 while on the next page (p6) we present a more extensive agenda for reforming the taxation system.

Avoiding Regressive Tax Measures

Budget 2026 should avoid relying on taxation measures to provide short term solutions. While the Programme for Government commits to progressive budgeting, which we welcome, it also proposes reducing VAT for hospitality from 13.5% to 9%, at an enormous potential cost of €675m. We believe these resources could be better allocated. Given Ireland's significant infrastructural and service demands, alongside a demographic shift, reductions in income taxes, indirect taxes, excise duties and levies represent poorly targeted measures and should be avoided. As outlined elsewhere, similar measures in Budget 2025 were regressive (see p4). The most prudent use of available resources is to target increases in core welfare rates alongside targeted welfare supports for certain groups.

Increasing PRSI to strengthen the Social Insurance System

Strengthening social insurance is essential to making Ireland fairer, more resilient, and better prepared for the future. At present, Ireland's PRSI rates remain low by EU standards. For most employers the rate in Ireland is 11.25% compared to an EU average of 21.34%. While we welcome the increase of 0.1% in the last budget, this still does not adequately address the anticipated future shortfalls, especially with an ageing population. Budget 2026 should commence a process of **increasing all PRSI rates by 0.5% a year for the next five years** (reaching 6.7% and 13.75% by 2030). To facilitate business' the initial increase should be delayed to April 2026. This will raise **an additional €900m in 2026.**

Carbon Tax and Fairness

The 2020 Finance Act set out annual carbon tax increases to reach €100 per tonne by 2030 (increasing by €7.50 per tonne per annum for 9 years and €6.50 in the final year). **We believe that Budget 2026 should continue to abide by these commitments, reaffirmed in the Programme for Government 2025, and increase the carbon tax by €7.50 per tonne as planned.** It should also commit to using the revenue raised to fund a series of targeted accompanying measures to protect those most affected by it, in particular low-income households and rural dwellers. This would generate **an additional €154m in a full-year** to re-invest in accompanying measures.

Taxing Empty Houses / Underutilised Land

We welcome the increase in Vacant Homes Tax (VHT) as a step towards reducing vacancy and encouraging the use of existing housing stock. With ongoing housing shortages, new construction alone is not sufficient—existing resources must be better utilised. Thus, we propose that Budget 2026 should **reduce the VHT occupancy period to six-months and increase the rate to ten times the annual Local Property Tax.** Income from this measure would yield €4.4m. We also welcome the implementation of Residential Zoned Land Tax to address inefficiencies with underutilised land suitable for housing. To strengthen its impact, we propose **increasing the rate to 5% of the land's annual value, generating an additional €27m.**

Limit the ability to carry losses forward

Social Justice Ireland believes that in Budget 2026 Government should reform the tax laws so that limits are placed on the ability of individuals and corporations to carry past losses forward and offset these against current profits/income. We suggest introducing **a rolling limit of 5 years on these losses** commencing from midnight on Budget day. Losses prior to this period would no longer be available to offset against profits or capital gains. While this initiative would bring greater fairness to the overall taxation system, we note it would have a disproportionate effect on banking institutions who carry significant, self-inflicted, losses from the economic crisis more than a decade ago. Consequently, we suggest that Budget 2026 would also extend and amend the current banking levy. Together **this proposal would yield an additional €100m in 2026**.

Reform the R&D tax credit

A tax break for companies engaged in research and development was introduced in 1997 and has been revised and reformed on a number of occasions including last year. A curious component of the current structure is that firms may claim a tax refund on unused R&D credits - i.e. where they have not paid sufficient tax to cover the refund amount. The use of this scheme has allowed a number of profitable firms to record zero or negative (or 'refunded') tax-paid amounts. This measure should **be removed from the structure of this tax break** in Budget 2026. It would yield €200m in a full-year.

Abolish the Special Assignee Relief Programme

The SARP was introduced in 2014 to provide a tax reduction to high earning individuals who locate to Ireland for work purposes (generally in MNCs in IT and the financial sector). Recipients must earn between €75,000 and €1m. Qualifying employees with income above €75,000 receive a reduction in their income tax liability. This subsidy was intended to boost the attractiveness of Ireland for foreign investment; however there is no evidence to suggest the scheme has achieved this or that it has induced any recent investment and relocations that would not have otherwise occurred. **The SARP should be abolished** in order to make the tax system fairer. This **would generate €48m** in 2026.

Other Tax Reform Measures

We also propose the following taxation measures aimed at broadening the tax-base, increasing revenue, and creating a fairer system:

- introduce **Refundable Tax Credits** (for the two main income tax credits) at a cost of €140m;
- increase by 2% the **minimum effective tax rate paid by people earning €400,000+** (+€100m);
- increase the **PAYE and Earned Income tax credits** by €5 per week (-€685m);
- **standard rate all pension-related tax reliefs** (+€684m);
- **reduce earnings cap for private pensions contributions** to fund Universal Pension (+€61m);
- **standard rate discretionary (non-pension) tax expenditures costing €5m+** (+€152m);
- increase **Capital Gains Tax from 33% to 35%** (+€138m);
- increase **Capital Acquisitions Tax from 33% to 36%** (+€55m);
- increase **stamp duty** on **non-residential property** from **7.5% to 8%** (+€30m); and on **residential property transfers:** over €1m from **2% to 3%** (+€11m) and over €1.5m from **6% to 7%** (+€6m);
- **restore the Non Principal Private Residence (NPPR)** charge on second homes at €200 a year (+€106m);
- increase **in-shop/online betting duty** to 3% (+€50m);
- introduce a **financial transactions tax** (FTT) (+€350m);
- compliance: allocate **€45m to Revenue**.

Priorities for Taxation Reform in Budget 2026

The experience of the last two decades has highlighted the centrality of taxation in budget deliberations and to policy development. Taxation plays a key role in shaping Irish society through funding public services, supporting economic activity, and redistributing resources to enhance the fairness of society. Consequently, it is crucial that clarity exist with regard to both the objectives and instruments aimed at achieving these goals.

As we have outlined elsewhere having 'Just Taxation' is a key component of *Social Justice Ireland's* guiding vision and policy framework. Consequently, *Social Justice Ireland* believes that it is important that the Budget should strategically approach taxation issues with the objectives of prudently using the available resources, continuing to build a fairer and more sustainable taxation system, and acknowledging the unavoidable need for Ireland to raise more sustainable and recurring tax revenue.

On this page we present a series of reforms necessary to establish a just taxation system. The accompanying chapter in our annual socio-economic review *Social Justice Matters 2025* (also available on our website) details our belief that Government's key policy priorities in this area should be to:

- increase the overall tax-take;
- adopt policies to broaden the tax base; and
- develop a fairer taxation system.

Overall, our views are driven by principles of fairness, sustainability, and the need for structural reform.

Increasing the overall tax-take

Social Justice Ireland believes that, over the next few years, policy should focus on increasing Ireland's tax-take. The current abnormal levels of corporation taxation, and other short-term unsustainable taxation revenue flows (see p3), have left the state very exposed to a severe fiscal event. Put simply, the state is not collecting sufficient resources to sustainably provide current levels of public services and supports. And, as we have highlighted elsewhere in this document, ongoing public service deficits in many areas will necessitate new investment and spending in the years ahead. Consequently, an increase in the amount of tax sustainably collected by the exchequer is a question of how, rather than if. We warmly welcomed the opening recommendation of the recent Commission on Taxation and Welfare which made a similar point.

In other publications we have outlined the details of our proposal for a national tax take target set on a per-capita basis. Our target is calculated using CSO population data, ESRI population projections, and CSO and Department of Finance data on recent and future nominal overall taxation levels. It also incorporates an adjustment for current windfall corporation tax revenues. The target argues for overall tax revenue equivalent to €15,000 per capita in 2017 terms, with that target growing in line with annual growth in GNI*.

In 2025 the updated per capita tax target is €26,866 and compares to expected tax revenue of €21,701; meaning that the current tax system has a shortfall of approximately €5,000 per person (€28bn overall). While this figure looks large, it should be understood in the context of current windfall taxes from corporations, which are being mostly spent (see p3), dramatically reduced income taxes levels over recent years (see p7), a narrow tax-base, and persistent deficits in the provision of public services and infrastructure. Gradually increasing the overall tax take to this level would require a number of changes to the tax base and the current structure of the Irish taxation system. Budget 2026 should commence this process and shift the taxation system towards providing a sustainable source of recurring revenue.

Reforming and broadening the tax base

Social Justice Ireland believes that there is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add, or on what they contribute to the common good. There are a number of approaches available to Government and our recent edition of *Social Justice Matters (*see ch 4) provides details of these proposals and areas we consider a priority including:

- Reforming Tax Expenditure / Tax Reliefs
- A Minimum Effective Tax Rates for Higher Earners
- A Minimum Effective Rate of Corporation Tax
- Increasing PRSI to strengthen the social insurance system
- Introducing a Site Value Tax
- Taxing Second Homes
- Taxing Empty Houses and Underdeveloped Land
- Taxing Windfall Gains
- Supporting a Financial Transactions Tax
- Implementing the Carbon Tax

A Minimum Effective Rate of Corporation Tax

Social Justice Ireland believes that the issue of corporate tax contributions is principally one of fairness. Profitable firms with substantial income should make a contribution to society rather than pursuing various schemes and methods to avoid such contributions. Over recent years the OECD BEPS Pillar 2 proposals have been adopted for large firms (turnover above €750m) who will now pay an effective taxation rate of 15%. This is welcome and should bring additional revenue, in the short-term, from 2026.

Budget 2026 should announce an extension of this measure to all corporate taxpayers over the next few years. We suggest this should be phased in, with a minimum effective rate of 10% applying from 2026 and increasing by one percentage point a year after that until it reaches 15% in 2031.

Revenue Commissioner data suggest that most firms are already above this level, and so any initial additional revenue will be minimal. However, this will increase to provide an additional €1.3bn per annum over the period 2027–2031.

Developing a fairer taxation system

Social Justice Ireland believes that fairness should be a central objective of any forthcoming reform of the taxation system. Our recent edition of *Social Justice Matters* (see ch 4) highlights the following reforms that would greatly enhance the fairness of Ireland's taxation system (see also p5, p7):

- Standard Rating Discretionary Tax Expenditures
- Favouring Fair Changes to Income Taxes
- Introducing Refundable Tax Credits
- Reforming Individualisation
- Making the Tax System Simpler

Substantial Income Tax Cuts have Favoured Better Off

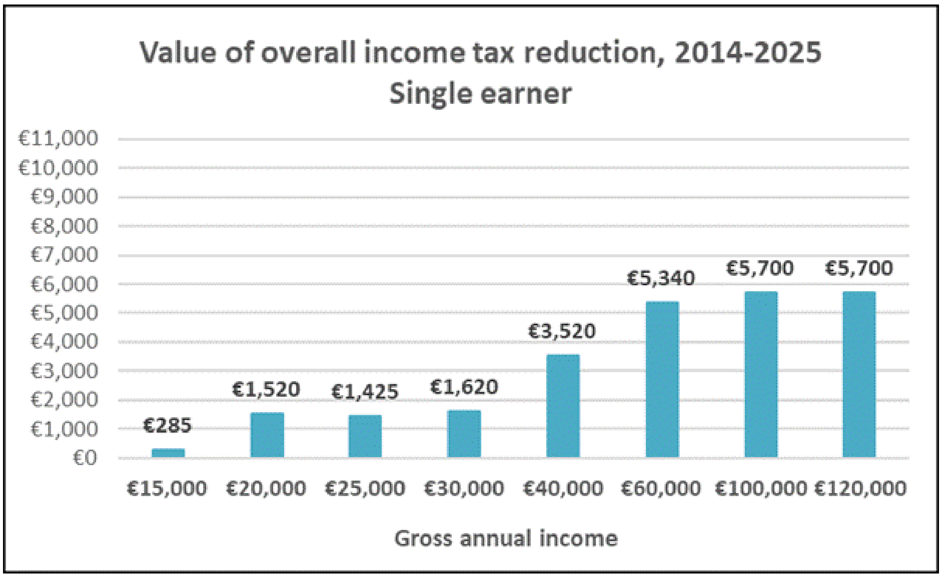
Budgets since the end of the last economic crisis have frequently given emphasis to providing reductions in income taxation. Some recent commentary has also suggested that income taxes are abnormally high and that some further income tax cuts are needed. However, in the context of Budget 2026 the evidence suggests otherwise.

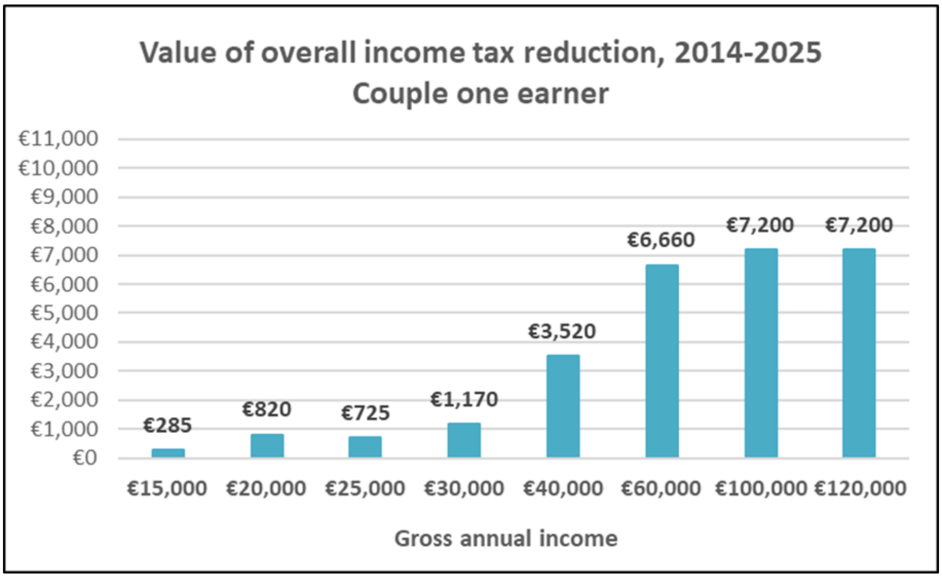
On this page we examine how all income tax changes, both decreases and increases, have impacted on households since 2014. We choose Budget 2014 as a starting point, as this is when the current wave of income tax reductions commenced following the economic crash.

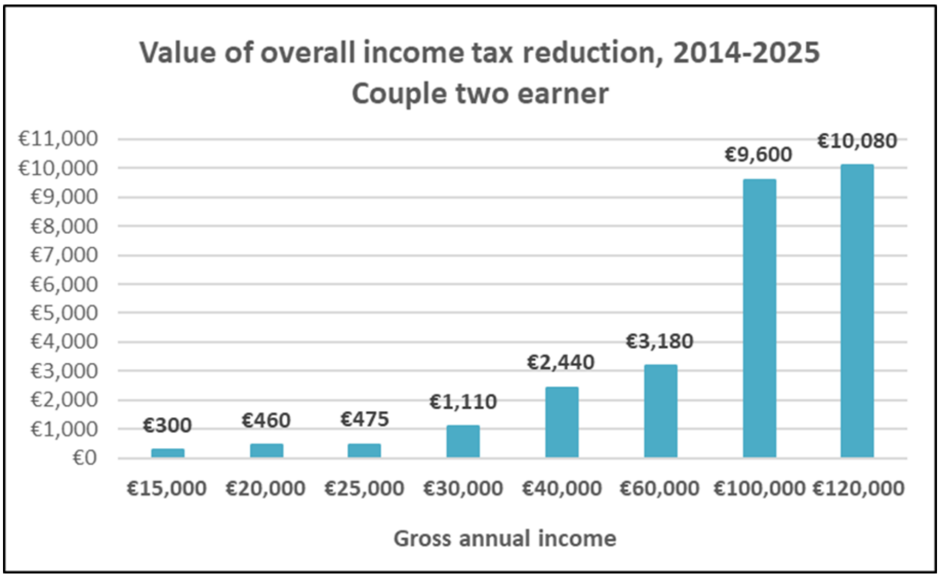
We provide the results over three diagrams and compare the total annual value of these reductions between 2014 and today (2025). The analysis captures changes to income tax rates, USC rates, social insurance rates and structures, and income tax credits. For example, a single earner with a gross income of €40,000 paid €9,920 in income taxes, employee PRSI and USC in 2014 and pays €6,400 in 2025; a reduction of €3,520. Similarly, a couple where both work and earn a combined €100,000 pay €9,600 less income tax in 2025 compared to 2014.

The analysis highlights a number of points. First, it provides evidence of the scale of the income tax reductions delivered over recent years; these are often overlooked, yet are substantial at the individual/household level and at the exchequer level. Second, the charts illustrate the distribution of these income tax decreases. As we have consistently highlighted in our annual budget documents the gains have been skewed to higher income earners and households.

Social Justice Ireland does not believe that this system of unfair income tax reductions should be continued in Budget 2026. As we show, there are other priorities.







Source for Charts: *Department of Finance Budget Documents - various years* and *Social Justice Ireland, Social Justice Matters 2025 - taxation annex.* **Notes:** All workers are assumed to be PAYE workers. For couples with 2 earners the income is assumed to be split 65%/35%. Couples with one earner are assumed to be entitled to the Home Carer Credit.

Building Resilience in Housing Policy

Ireland is facing a prolonged and escalating housing and homelessness crisis. Despite the Programme for Government acknowledging the urgency of the situation, its commitment to delivering 50,000 housing units annually falls short of what is required to meet both the existing deficit (of up to 256,000 units according to Housing Commission's report) and future demand.

> ***"As Ireland ages, it is likely that the cost of not meeting Ireland's housing requirements will increasingly be felt by older people."***

Compounding this, the government has repeatedly failed to meet its own housing targets, a pattern that is expected to continue this year. Beyond delivery figures, capacity constraints within the construction sector and deficiencies in enabling infrastructure (including water, wastewater system, energy, transport) continue to undermine progress. These unmet housing needs disproportionately affect younger adults and lower-income cohorts, and as demographic profile shifts, are likely to extend to older people.

Build More Social Housing

Addressing Ireland's housing deficit requires a substantial and sustained increase in social housing provision. Expanding the social housing stock is not only essential to meet current need but also critical to reducing pressure on house prices and rents over time. Currently, just 9 per cent of the Ireland's housing stock is social housing, this is at odds with many of our European counterparts.

Social Justice Ireland supports the Housing Commission's recommendation for a targeted increase in the share of social and cost-rental housing and proposes that **Government sets a target for 20 per cent of all housing stock to be social housing by 2040**. This would equate to 402,500 units to be delivered in the next 15 years. This requires scaling up delivery, beginning with an annual target of 20,000 units for the next five years, up from the current 12,000 as committed in the Programme for Government. To achieve this, **an additional €2bn in capital investment is needed in Budget 2026**. The current need already stands at c.140,000, based on the social housing waiting lists, HAP and RAS tenancies, and households in receipt of Rent Supplement. This figure does not account for households leaving Direct Provision; new households fleeing war; households in refuges for Domestic Abuse; the majority of the homeless as currently counted; nor all of the homeless not currently counted within official data (as would be counted under an ETHOS typology proposed by FEANSTA).

Investing in social housing will reduce dependence on subsidies, lower long-term costs and provide secure, affordable homes for those most in need.

Address Vacancy and Dereliction

A significant yet underutilised resource in addressing the housing crisis is the stock of vacant and derelict properties. Estimates suggest there are between 101,000 to 164,000 such properties across the country. Vacancy and dereliction should be dealt with together as one can very quickly become the other. While the increase in VHT is very welcome, **Budget 2026 should also raise Derelict Site Levy at a rate of 20 per cent of the market valuation of the property.** This measure would yield an additional €10m. In addition, we propose **the use of Compulsory Sale Orders alongside Compulsory Purchase Orders to compel the sale of vacant and derelict sites**.

A Real Rent Relief

The Rent Tax Credit, in its current structure, fails to support low-income renters. 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 €800+. To ensure fairness and effectiveness, ***Social Justice Ireland* calls on Government to restructure Rent Tax credit to Renters' Grant in Budget 2026, at a cost of €150m.**

Housing First, Not Hidden Homelessness

Homelessness is becoming normalised. In May 2025, a record 15,747 people, including 4,844 children, accessed emergency homeless accommodation. Family homelessness has increased by 459 per cent over the past decade (from 407 families in December 2014 to 2,273 in May 2025), and by 126 per cent since the introduction of Housing for All in September 2021. These are the 'official' data on homelessness. They do not include those staying with family and friends, rough sleepers, homeless families temporarily accommodated in housing owned by their Local Authority, women and children in domestic violence refuges, or asylum seekers in transitional accommodation. In 2019, a European Commission report referred to the current state of data collection on homelessness in Ireland as "statistical obfuscation if not 'corruption'."

According to a report by Focus Ireland, the average expenditure on services for households experiencing homelessness has observed a significant increase in the past decade, with €2.2bn expended over the period between 2014-2023. A breakdown of 2023 Local Authority Regional Financial Reports spending patterns reveal an imbalance in resource allocation. Local Authorities spent 15 times more on emergency accommodation than homelessness prevention, tenancy sustainment and resettlement supports. Additionally, 65 per cent of emergency accommodation expenditure was on private emergency accommodation including commercial hotels and B&Bs. This continued overreliance on emergency accommodation as opposed to prevention supports and long-term solutions raises concerns about the sustainability and effectiveness of current spending, emphasising the urgent need for a shift toward prevention-focused policies and housing-first approaches.

IHREC suggested an amendment to section 10 of the Housing Act 1988 to limit the amount of time a family may spend in Family Hubs as well as other forms of emergency housing, a similar regime as in Scotland and something for which we have been advocating. ***Social Justice Ireland* calls on Government to expand the remit of Housing First in Budget 2026 to homeless families accessing emergency accommodation, at a cost of €100m**, achieved by winding down regressive subsidies such as the Help to Buy scheme.

Work, Low Pay & Welfare

Many households remain concerned about the ongoing living costs, particularly in relation to housing, energy and food, despite inflation moderating. Although the rate of increase has slowed with the Consumer Price Index rising by 1.7 per cent in the year to May 2025, nevertheless, costs continue to rise. These essential expenses are severely eroding the real value of employee earnings, especially for low-paid workers. While Ireland is currently experiencing full employment, with an unemployment rate of just 4 per cent in May 2025, this statistic masks a troubling picture of economic hardship.

In 2024, more than 140,000 people with jobs were living on incomes below the poverty line, the 'Working Poor'. In Q1 2025, more than one in every five part-time employees, some 131,300 people, were underemployed, meaning that they have part-time work but would like more hours. This presents a picture of low-paid and precarious employment behind the 'full employment' headline.

According to research published by the Living Wage Technical Group, the actual living wage for 2024/25 was €14.75. Despite surging costs, the rate fell by 5 cents due to one-off cost-of-living support which, as our analysis shows, have masked a shift towards greater poverty. While, the national minimum wage increased to €13.50 per hour from January 2025, i.e. €48.75 per week less than the living wage, revealing a persistent shortfall in income adequacy.

Social Justice Ireland welcomed the Government's stated intention to introduce a living wage in 2022 and the phased approach adopted since then—an initiative we had long advocated for. We believe **Budget 2026 must be the point at which the Living Wage is fully implemented.** In parallel, the Government could introduce additional supports to help alleviate ongoing cost-of-living pressures for low paid workers.

Supporting Low Paid Workers through Refundable Tax Credits

Many people assume that a job is an automatic poverty reliever, and this has been a key driver of Government policy, but this is clearly not the case. The job must also be well-paid with decent conditions. Recent trends of precarious working practices must surely contribute to a situation where 5.4 per cent of those in employment are still experiencing poverty.

Specific interventions are required to tackle the problem of the 'Working Poor'. Introducing a system of Refundable Tax Credits, at **a cost of €140m** in 2026 would allow low income workers who do not earn enough to use their full credit to have the unused portion "refunded", and support their ability to deal with increasing living costs. Making tax credits refundable would make Ireland's tax system fairer, address part of the working poor problem, and improve the living standards of a substantial number of people.

Supporting Low Paid Workers through the Tax Credits System

Social Justice Ireland calls on Government to develop employment-friendly income tax policies which ensure that no unemployment traps exist. Policies should also ease the transition from unemployment to employment. In Budget 2026, Government should increase the PAYE credit and Earned Income credit by **€5 per week at a full year cost of €685m in 2026.**

Benchmarking Social Welfare Rates

Inequality is damaging to both individuals and society. The sharp rise in the cost-of-living and inflationary pressures in recent years have brought this into much sharper focus. Without social transfers, 31 per cent of the population would have been below the poverty line rather than 11.7 per cent in 2024. Such an underlying poverty rate suggests a deeply unequal distribution of direct income. Inequality has remained stubbornly stable over the last fifty years as Ireland continues to be the EU state with the highest proportion of population at risk of poverty before social transfers.

Even after the provision of social welfare payments, in 2024 there were almost 630,000 people in Ireland living below the poverty line. 106,385 older people were living in poverty, 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. A social welfare payment must provide an adequate safety net to lift people out of poverty and allow for a household to provide for a basic but decent standard of living.

Over a decade ago Budget 2007 benchmarked the minimum social welfare rate at 30 per cent of Gross Average Industrial Earnings (GAIE). Today that figure is equivalent to 27.5 per cent of the average weekly earnings data being collected by the CSO. Applying this benchmark using CSO data and projections for wage growth in 2025 allows us to compare this benchmark with current welfare rates.

> ***..there is a need to further increase minimum social welfare rates and commit to converging on a benchmark equivalent to 27.5 per cent of average weekly earnings***

A €25 increase is required to benchmark core social welfare rates to 27.5 per cent of average earnings and to address the impact of continued inflation on low income households, bringing core payments to €269 a week in 2026.

Budget 2026 must commit to maintaining and subsequently building on this benchmark equivalent to 27.5 per cent of average weekly earnings. This is even more critical in light of sharp increases to essentials such as rent, energy and heating costs. Even with falling rates of inflation, prices remain high placing real pressures on household budgets. Recent Budgets have focused on temporary measures. What is needed is certainty and permanence for those reliant on social transfers. As a start **Budget 2026 should increase minimum social welfare rates by €25 per week at a cost of €907m.**

Equalising Rates for under-25s

In addition, the rate of jobseekers for those aged between 18 and 24 (not living independently) is currently inadequate to meet even the most basic of needs and must be increased to the full adult rate at an cost of **€54m**.

Bereavement Grants

Reinstate the Bereavement Grant at €850 at a cost of **€30m**.

Rural Ireland, the Regions and Communities

Investment in the social and economic infrastructure of the regions is vital to deliver on Government's commitment to balanced regional development. This requires addressing the existing challenges facing Rural Ireland; an older population, higher rates of part-time employment, lower median incomes, higher poverty rates, and distance from everyday services. Capacity building to meet future challenges is also essential and the Unit for Future Planning must prioritise regional development.

Rural and regional economies

Climate adaptation and digitalisation present both challenges and opportunities to rural economies. Targeted support is required to build regional resilience through investment in social infrastructure to ensure they can take full advantage of any opportunities and negative impacts are mitigated in so far as possible.

A €100m allocation to Regional Development and Transition in Budget 2026. This funding should be used to develop Regional Economic Development Zones; deliver education and training for the agriculture sector to support sustainable agricultural methods; continued development of local cooperatives and regional 'Farm to Fork' strategies; improved and expanded public services to promote and support rural living; development of a robust rural proofing framework incorporating learning from pilot projects; the development and expansion of Living Labs in each region focused on plastics, renewables, zero carbon buildings and agro-ecology, and delivery of EU Smart Cities programmme.

An additional **€25m** should be allocated to **Enterprise Ireland** to develop and support indigenous enterprises and job creation across the regions, particularly those areas with employment which will be most impacted by the green and digital transitions. We also propose an additional **€25m for Fáilte Ireland** to promote island, local and regional tourism initiatives.

Government should invest €5m to establish a **Farm Sustainability Passport pilot programme in Budget 2026**. This programme should be deigned to facilitate farmers to take a step-by-step approach to implementing sustainable agricultural and land use management practices, reward such practices and allow farmers to make changes in a clearly defined process with a view to national roll-out.

Broadband

Strategies and plans to promote rural and regional economies are heavily reliant on the provision of reliable, quality, high-speed broadband. ***Social Justice Ireland* proposes a €50m investment** to support continued rollout and development of the Remote Working Hubs network and associated infrastructure and shared services, of which €5m should be ringfenced for upgrading existing remote working hubs and meeting our Digital Agenda for Europe targets**.**

Rural Transport

Increased funding is required for rural public transport and the nationwide expansion of cycling infrastructure and greenways. *Social Justice Ireland* calls on Government to invest **an additional €50m to the Rural Transport Programme,** increasing the range of public transport options, including last mile transport and ensuring the rural public transport options and fleet are in line with our climate commitments, safe-guarding communities from isolation, and incentivising greater public transport usage. In addition we propose an initial investment of **€10m in our active transport and cycling and walking infrastructure.** This would support local tourism initiatives, and also offer rural dwellers viable transport options to get to and from daily employment and other activities.

Community and Voluntary Sector

The community and voluntary sector in Ireland delivers. The sector makes a huge contribution and plays a major role locally and nationally. The sector provides vital supports in housing, health, care for people and environment as well as protecting households from the very worst effects of deprivation and exclusion. Government has always relied heavily on the sector and yet cuts to funding since 2008 are still not fully restored. Government must therefore ensure adequate resourcing by **allocating €70m in Budget 2026 to include pay increases for the sector**.

Public Participation Networks (PPNs)

The PPNs across every local authority are another vital link between national and local Government and policy making. Long term investment in staff is key to keeping communities engaged with the process of participation. ***Social Justice Ireland* proposes additional allocation of €4m in Budget 2026** to support capacity building and meaningful engagement with policy structures at local level.

Youth Work

In 2024, there were an estimated 1,68,880 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. **Budget 2026 should allocate an extra €21m to address the funding shortfall experienced by many youth services across the country and foster growth in the sector.**

Loneliness and Isolation

The Roadmap for Social Inclusion 2020-2025 committed to 'developing the necessary actions to tackle loneliness and isolation, particularly among older people'. Data from Healthy Ireland Survey 2023 finds that across all ages and sexes, 3.9 per cent of the population report often or always feeling lonely, 9.9 per cent report feeling lonely some of the time and 12.1 per cent report feeling lonely occasionally. The current and growing body of evidence points to the detrimental effect of loneliness on health as well links to lower interpersonal trust, leading to lower societal cohesion. *Social Justice Ireland* recommends **an allocation of €4m to resource a National Action Plan.**

Investment - Health and Disability

People should be assured of 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.

Access to Care

Ireland ranked 22nd out of 35 countries in 2018 in a report by Health Consumer Powerhouse published in 2019, but on the issue of accessibility, Ireland ranked the worst. That report notes that even if the (then) Irish waiting-list target of 18 months were reached, it would still be the worst waiting time situation in Europe. Irish hospitals are working near full capacity.

According to data from the National Treatment Purchase Fund there were 586,917 people waiting for outpatient's treatment in May 2025, with 44,441 patients (including more than 6,000 children) waiting for 18 months or more for treatment. The numbers on waiting lists have been very high over many years, and well above 400,000 since 2015. The pandemic limited access to care for people with health conditions not related to COVID-19 and unmet needs for medical care because of delayed or missed consultations are likely to lead to poorer health outcomes in the future. Government needs to urgently address these inequalities in the health service and implement a programme that provides access on the basis of need.

Transforming Acute and Community Care Services

Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level. In order to improve access to care, and to progress a shift to a model that prioritises primary and social care *Social Justice Ireland* is proposing that **€600m of surplus windfall revenue is invested in Sláintecare infrastructure with a focus on Enhanced Community Care in Budget 2026.**

The model of healthcare used in Ireland is defined by an over-emphasis on hospitals and acute care, rather than primary and social care being more central. *Social Justice Ireland* welcomes continued resourcing for the rollout of the 96 Community Healthcare Networks and the 30 Community Specialist Teams for Older People & Chronic Disease. However significant sustained investment in General Practice, Primary Care & Community Based Services is required in conjunction with the implementation of the Regional Health Areas to ensure the transformation of the health service in line with Sláintecare.

Proposals: To address the inequalities in our healthcare system and develop a system that is fit for purpose for all, in Budget 2026 Government needs to:

- **Invest €100m in the further expansion of the Enhanced Community Care Programme and rollout of Community Health Networks to alleviate pressure on acute services and ensure treatment is provided at the appropriate level of need.**
- **Invest the €600m infrastructure allocation set out in Sláintecare with a particular focus on Enhanced Community Care and supporting the Health Regions implementation plan.**
- **Invest a minimum of €100m annual in providing Universal Access to GP Care while expanding the number of GP and Practice Teams in line with the shift towards Primary Care & Community Based services envisaged in Sláintecare.**
- **Invest €50m in Community Nursing Facilities and rehabilitation beds.**

Mental Health

According to the latest available data, the HSE Management Data Report for August 2024, 3,681 children and young people were awaiting supports from the Child and Adolescent Mental Health Service (CAMHS), with over sixteen per cent waiting for 12 months or more for supports.

Proposal: Invest in the full implementation of the *Sharing the Vision* policy (including addressing staffing issues) at a cost of €35m and increase funding for programmes dealing with alcoholism and addictions at a cost of €76m.

Persons with a disability and carers

Persons with disabilities face substantial challenges accessing appropriate services, and have significantly higher poverty and deprivation rates than the national average. The Programme for Government contains a welcome commitment to a cost of disability payment. However, substantial additional investment in services, and adequate social welfare supports is required.

Proposal: To support disabled people to live fulfilling lives within their communities, Government must:

- **Introduce a cost of disability payment of €20 per week at a cost of €238m in Budget 2026.**
- **Establish a pathway to ensure tapered of benefits to Persons with a Disability on taking up employment (€1m in first year).**
- **Increase investment in disability services, including respite and personal assistant services (cost of €40m).**
- **Invest €211m in services to support people with a disability to live independently in their community**
- **Allocate €40m for implementation of the UNCRPD.**

Carers provide a huge service to the State. According to the latest census data there are over 299,000 unpaid carers in Ireland providing unpaid care each week, an increase of 53 per cent in six years.

Proposal: To acknowledge and support the work of carers in Ireland, at the very minimum in Budget 2026 Government must:

- **Expand the Free Travel scheme to include people in receipt of Domiciliary Care Allowance (cost of €6m).**
- **Increase the annual Carer's Support Grant to €2,150 (at a cost of €22m).**
- **Implement an independent review of Carer's Allowance.**
- **Increase the Domiciliary Care Allowance to €385 per month.**
- **Pilot a Universal Basic Services and a Universal Basic Income Scheme for Carers at a cost of €10m in line with the Programme for Government Commitment to fully fund the Carers Guarantee.**

Education, Children and Families

Investment in education at all levels is essential in Budget 2026. Government must continue to support and integrate new pupils, address issues regarding a shortage of school places particularly for students with special educational needs, and deliver on Programme for Government commitments.

Early Childhood Care and Education (ECCE)

Ireland performs poorly when it comes to investing in early years and ECCE for three to five year olds. ***Social Justice Ireland* proposes that Government allocate €332m in Budget 2026,** 0.1% of GNI*, and build on this investment each year to 2030 to support staff professionalisation, expansion of ECCE provision through the Irish language, and investment in non-contact ECCE time. **In addition Government should increase the subsidy for childcare provision for children under 3 years of age by €1 per hour (cost €9m).**

Pupil-Teacher ratios and Capitation grants

The Programme for Government contains a welcome commitment to reduce the pupil teacher ratio at primary level. Budget 2026 should set an ambitious target of **reducing the Pupil-Teacher Ratio (PTR) by 1.5 points at primary level at a cost of €70m.** Budget 2026 should see a **5 per cent increase in capitation grants** at both primary and secondary level (**cost €14m**).

DEIS Schools at Primary and Post-Primary level

Continued support for DEIS schools must be a policy priority, with a suite of measures to address educational inequality including reduced PTR and class sizes, and sufficient **ongoing** resourcing available to support new ambitious literacy and numeracy targets. ***Social Justice Ireland* proposes €15m to support the continued expansion of the DEIS programme in Budget 2026.**

We also recommend the **restoration of the Back to School Clothing and Footwear Allowance** to 2011 levels (€18m) and **extension of the hot school meals all programme to DEIS post primary schools** at a cost of €55m.

Extend the JCSP Demonstration School Library Project to all 232 post-primary DEIS schools on a five year phased basis at a cost of €5m in Budget 2026 and subsequent budgets.

Further and Higher Education and Training

An additional €40m investment in Further Education and Training to develop and expand apprenticeships and traineeships to meet future skills needs and advance the circular economy, particularly at a regional and community level with €1m to support a skills transfer programme for migrants.

An additional €100m in State funding in higher education is needed as a first step towards meeting the core funding gap of €307m identified in 'Funding the Future'.

Social Justice Ireland also proposes that Government allocate **€48m** in Budget 2026 to increase the maintenance grant by €1,000 to all full-time third level students; an increased allocation of **€1m** to the Fund for Students with a Disability in Budget 2026; and, a **€2m** investment in additional apprenticeship and traineeship places for Traveller students.

We propose that **€10m be invested in a Transition Skills Fund** targeted at young people not in education, employment or training (NEETs) and people employed in sectors whose jobs are at high risk of automation. **€5m** investment for the Technological Universities to provide digital and green skills training, regional living labs and to address skills gaps at a regional level.

Digitalisation and Artificial Intelligence are already having a disruptive influence on education, training and employment. Government should invest **€3m** to establish a Commission on the Impact of Digitalisation and AI with a focus on vulnerable groups.

Lifelong Learning and Adult Literacy

€5m in Budget 2026 to expand the Human Capital Initiative and improve lifelong learning across all population cohorts. **€25m** per annum until 2030 in adult literacy - **€20m** to rollout the new Adult Literacy, Digital Literacy and Numeracy Strategy and **€5m** to fund ancillary and support services. An additional investment of **€1.5m** in Community Education.

Children and Families

Investment in Children and Families is an essential investment in our social and human capital. The Programme for Government contains welcome commitments to support families, reduce child poverty and support youth services.

Child Poverty

Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. In 2024, 15.4 per cent of children in Ireland were living in poverty. *Social Justice Ireland* proposes an increase of €50 in the Child Benefit payment in Budget 2026 at a cost of **€777m**, €6 in the child support payments for children under 12 and €15 for children over 12 at a cost of **€130m**.

Families

Government should introduce an additional two weeks paternity leave in Budget 2026 at a cost of €16.5m and an additional two weeks of paid parental leave at a cost of €26m. To support child and family support services, Budget 2026 should allocate additional funding to Tusla of €47m for child protection and increased social provision for children and families, while increasing the resources available for the regulation of childminders by €2m. €3.5 million should be allocated to support the delivery of the National Action Plan for the EU Child Guarantee.

Arts and Culture

Allocate an additional investment of €5m in funding for the Arts Council to embed arts and cultural participation as part of the ECCE framework. This investment would begin to address the large disparities in arts participation between children from different socio-economic backgrounds.

Financial Literacy

Social Justice Ireland welcomed the publication of Ireland's first National Financial Literacy Strategy earlier this year. Budget 2026 should allocate an additional €2m to develop and resource a financial literacy programme aimed at school children and their families to complement the key objectives and targets of the strategy.

Meeting the Needs of an Ageing Ireland

According to Census 2022, there were 1,048,985 people aged 60+ living in Ireland on Census night, an increase of 19.7 per cent on Census 2016. Looking ahead, CSO projections show the population aged 65+ will increase by 70 per cent by 2040; an increase of more than half a million people. To meet the needs of the ageing population, it is vital that incomes, services, and infrastructure are adequately resourced. This includes supporting older people to age well at home, with access to the care and supports they need in their communities.

Adequate Income

Adequate income is essential for addressing poverty, particularly amid the ongoing cost-of-living pressures. Older people are especially vulnerable, as most rely on fixed incomes. In 2024, over 106,000 older people were living in poverty, an increase of 64 per cent compared to 2023. This number would be substantially higher were it not for the one-off measures. Alarmingly, the number of people aged 65+ accessing emergency homeless accommodation in May 2025 (245) increased by 91 per cent since the introduction of Housing for All in September 2021. This highlights the need for sustainable solutions over reliance on short-term fixes.

Social Justice Ireland has long proposed a single-rate, universal state social welfare pension at the rate of the State Pension (Contributory). The significant additional expenditure required could be funded through reform of Ireland's system of pension-related tax reliefs, and through a moderate increase in Employer PRSI, as detailed in our report on the Universal Pension from March 2018. This would involve standard-rating the tax break on all private pension contributions. **We call on Government to increase both the State Contributory and Non-Contributory Pensions by €25 per week and to universalise the payment, starting in January 2026 at an additional cost of €2.2bn in Budget 2026.**

Housing Supports

According to Eurostat, 12.6 per cent of Ireland's population aged 65+ are living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor. This equates to more than 98,000 older people, even before accounting for illness or disability which requires further home adaptations.

Social Justice Ireland welcomes the €117m allocated for housing adaptations this year, however, the scale of need is growing rapidly. Since 2010, the population aged 65+ has increased by 56.5 per cent and will increase by a further 65 per cent by 2040 (a total increase of 158 per cent on 2010). ALONE and *Social Justice Ireland* in their paper *Policy Options to Support Ageing Well* at Home estimate that investment of some €250.2m in grant aid will be required by 2040 to support households occupied by older members of our community. This is even before considering the housing adaptation needs of younger age-groups. Setting this target represents an increase of €133.2m over 15 years in addition to the existing allocation. We recommend **starting with an additional allocation of €8.9m in Budget 2026**.

Separately, a report by ALONE and Threshold suggest that one in four older people expect to rent long-term, with 42 per cent of participants in the study experiencing high stress caused by the precarity of their housing situation. The Programme for Government 2025 commits to practical housing options for positive ageing. We welcome this and call for a lifecycle approach to housing, particularly in social housing delivery, starting in Budget 2026. This includes adopting Universal Design principles to ensure housing is suitable for older people and those with disabilities, as committed to in the Government's 2018 policy statement.

Home Care

Despite commitment by Government to legislate statutory right to home care by early 2021, no progress has been made. Unmet need for homecare results in delayed discharges at acute level, increasing the risk of infection and dependency on hospital and long-term care.

In 2024, the HSE provided an average of just 9.2 home care hours per older recipient per week. According to the 2023 Public Services Performance Report, just 58 per cent of the targeted intensive home care support hours and 31 per cent of intensive Home Care Packages were delivered. This indicates a significant shortfall in achieving set goals. Despite nearly reaching the target number of people in receipt of home care in 2023, the limited resources are being stretched even further to meet the demand. Thus, **Budget 2026 should include an allocation of €96m for additional home care supports and address the most current waiting lists.**

The Community and Voluntary sector provide a range of key supports for older people, from befriending and social inclusion supports, to home care and assistive technologies. These supports are especially critical for those living with dementia and their families. We welcome recent progress in recognising this essential work, including the move towards fair pay. To build on this, multiannual funding is essential to support effective planning and to ensure these services continue to meet both current and future needs.

Safeguarding

Safeguarding concerns rose by 33 per cent in 2023, with 18,290 reports made to the HSE Safeguarding Teams. Of these, 31 per cent involved people aged 65+, while the number of complaints raised by people aged 80+ increased by 32 per cent compared to 2022. Reports of elder abuse exceeded 5,000, continuing an upward trend. The most prevalent types of abuse reported by older people were psychological, physical and financial. *Social Justice Ireland* welcomes the Law Reform Commissions framework for adult safeguarding and urges progress on the Adult Safeguarding Bill, which is urgently needed. **Budget 2026 should thus allocate €3m to establish an independent safeguarding authority.**

Acute Mental Healthcare

Acute mental health services remain under-resourced. The 2024 specialist group report found national shortfall in acute mental health beds. Moreover, *A Vision for Change* recommends at least 8 beds for older adults for every 50 acute mental health beds, meaning at least 454 beds for older people will be required by 2030. To meet the growing need of older, a minimum investment of €25.6m annually over the next five years is required to reach the minimum adequate level. We therefore **recommend a minimum investment of €25.6m in Budget 2026.**

Just Transition

Budget 2026 must ensure that our investment strategy supports the ambition of the climate action plan, a just transition to a green economy, emission reductions, and expedites progress towards our 2030 targets while building a sustainable, resilient, vibrant society and economy.

Transport

Social Justice Ireland proposes a **Commercial Air Transport tax in Budget 2026 to yield €215m.** This would ensure air travel makes a contribution to carbon budgets for the transport sector in line with the 'Polluter Pays' Principle and the Environment Liability Directive while Government proactively pursue the removal of the exemption of Jet Kerosene from excise and carbon taxes at EU level. Airlines and business air charter companies operating in Ireland will pay a per-passenger charge of between €5 and €30, depending on destination, on all commercial flights, with a seating capacity greater than 10, departing Irish airports.

Aggregate Levy

To promote the recycling of aggregates (rocks, sand and gravel) in the building industry, and the re-use of old buildings, *Social Justice Ireland* proposes the introduction of an **aggregate levy of €2.50 per tonne** in Budget 2026. This would generate an estimated yield of €75m.

Retrofitting

***Social Justice Ireland* proposes that €85m be allocated in Budget 2026 for a retrofitting programme** targeted at rural housing, with €10m targeted for improving ventilation in public buildings. €20m of this should be invested in a pilot **Building Renovation Passport Scheme** for households to support a gradual, step by step approach to retrofitting. A further €2m to establish a network of community energy advisors to support lower income and vulnerable households during our energy transition.

Energy efficiency

Allocate **€1 billion from windfall revenue gains** in Budget 2026 for investment in offshore wind energy to accelerate existing targets, upgrade of the national grid, build new grid capacity and interconnectors to accommodate more renewable energy generation, and increase storage capacity. Investment in our grid, storage capacity and renewable energy generation capacity is key to meeting electrification of home heating and transport targets, and to reducing our reliance on fossil fuels.

We propose **an allocation of €10m towards reform of the RESS auction** to make it more accessible for communities, schools, individuals and farmers.

A **€48m** fund should be established to provide grants for electric vehicles targeted at rural dwellers only, with grants of between €3,500 up to €10,000 depending on household income, and a €600 EV home charger grant.

Reorganise the PSO levy according to average demand as a first step to ensure that Data Centres make an appropriate contribution to Ireland's renewable energy targets.

Extend the fuel allowance payment to all Working Family Payment recipients.

Biodiversity and Nature

Budget 2026 should invest **€10m in the National Parks and Wildlife Service and in the National Biodiversity Centre** to scale up policies to mainstream biodiversity into economic decision-making and support community led projects.

Investing in the Future—the Circular Economy

Social Justice Ireland proposes an allocation of **€10m in Budget 2026 to continue the rollout of the Circular Economy Strategy** concentrating on areas such as sustainable agriculture, living labs focussed on agro ecology, bio-economy, plastics, and the piloting of a circular economy town. A proportion of this investment should be ringfenced for the upskilling of appropriate sections of the labour force at county level for the maintenance and servicing of new energy efficient technologies that are standard part of the retrofitting process such as heat pumps.

Agriculture

Government should pilot **Farm Sustainability Passport** scheme at a cost of €5m in Budget 2026 to support farmers to move to environmentally friendly and sustainable agricultural methods.

Fossil fuel subsidies and tax expenditures

In Budget 2026 Government should begin the process of **ending fossil fuel subsidies and environmentally harmful tax expenditures**. These not-insignificant resources (€4.9bn in revenue foregone in 2023) should be invested in in renewable energy, addressing energy poverty, a rural green jobs strategy and a deep retrofitting programme for homes and community facilities.

A Just Transition: delivery and investment

A fundamental principles of a Just Transition is to leave no people, communities, economic sectors or regions behind as we transition to a low carbon future. Transition is not just about reducing emissions. It is also about transforming our society and our economy, and investing in effective and integrated social protection systems, education, training and lifelong learning, childcare, out of school care, health care, long term care and other quality services.

In Budget 2026 Government should invest €154m in delivery of a Just Transition. This investment should support the work programme of the Just Transition Commission. This allocation should support the work of the commission, the secretariat function, the delivery of sectoral transition targets across industry, energy, transport and agriculture. In addition it should fund the establishment of a Just Transition Capacity framework to support the establishment of a local, regional and national dialogue on a quarterly basis to monitor progress in meeting climate targets, impact of policy implementation, the delivery of social infrastructure to support communities, sectors and regions. This framework should inform, and be informed by the work of the Unit for Future Planning.

Ireland: Some Key Diagrams and Tables

Chart 15.1: Net National Debt per person, 2000-2030 *(estimates from 2024)*

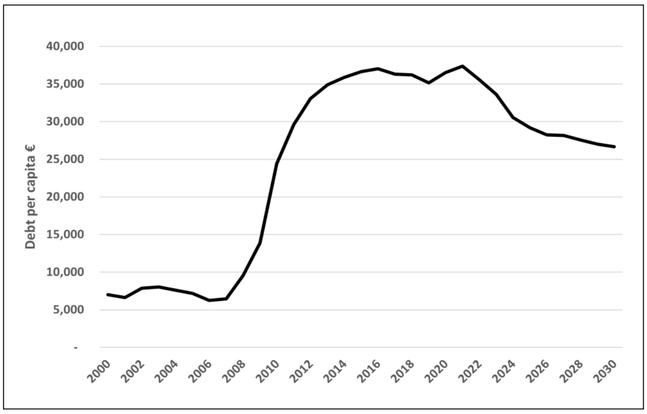


Chart 15.2: Jobseekers Benefit as a % of Average Weekly Earnings, 2011-2024

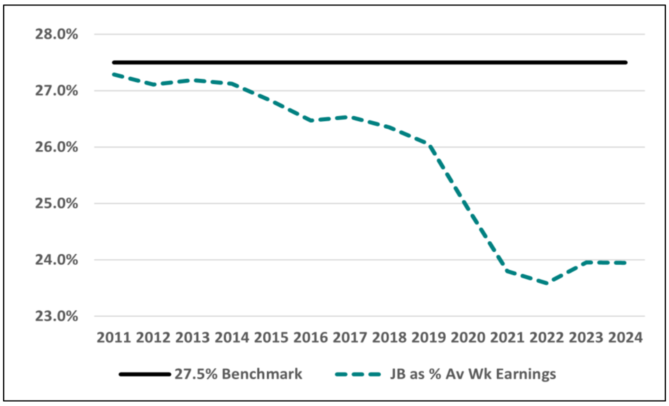


Chart 15.3: Poverty and Deprivation, 2005-2024

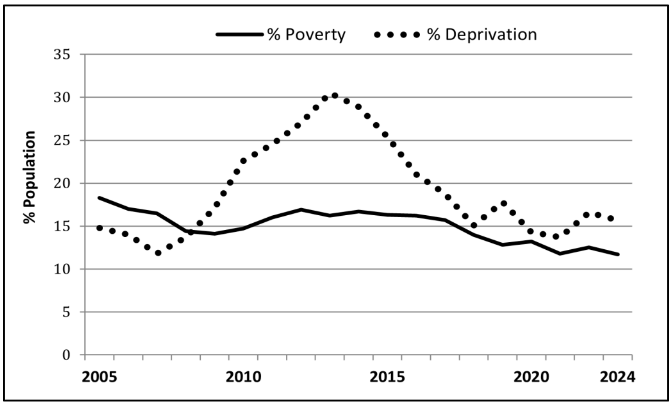


Chart 15.4: The Rich-Poor Gap*, 2014-2025 (€ per week)

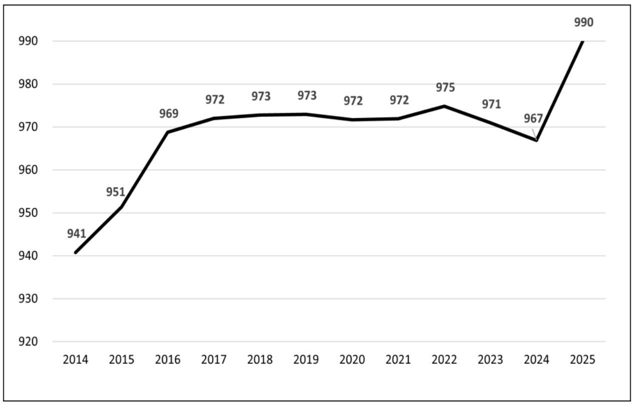


Table 15.1: The Minimum Disposable Income Required to Avoid Poverty in 2025, by Household Types

Household containing:	Weekly poverty line	Annual poverty line
1 adult	€366.30	€19,113
1 adult + 1 child	€487.18	€25,421
1 adult + 2 children	€608.06	€31,728
1 adult + 3 children	€728.93	€38,036
2 adults	€608.06	€31,728
2 adults + 1 child	€728.93	€38,036
2 adults + 2 children	€849.81	€44,343
2 adults + 3 children	€970.69	€50,651
3 adults	€849.81	€44,343

Table 15.2: Effective Taxation Rates for selected household types, 2015 / 2024 / 2025

	2015	2024	2025
Single earner			
Gross Income €25,000	14.4%	10.3%	9.4%
Gross Income €60,000	32.8%	26.6%	25.0%
Couple 1 earner			
Gross Income €40,000	14.5%	7.7%	6.1%
Gross Income €60,000	25.7%	17.5%	15.5%
Couple 2 earners			
Gross Income €40,000	9.1%	5.0%	3.8%
Gross Income €100,000	29.2%	22.3%	20.6%

***Rich-Poor Gap Notes:** The analysis presents the measures as announced in each annual Budget including temporary supports for that budgetary year. 2025 measures include welfare & income taxation changes announced for 2025 plus the electricity credit planned for early 2025.

Data on this page is from: IMF *World Economic Outlook,* CSO Earning and Labour Costs, CSO *SILC*, Social Justice Ireland *Budget Analysis and Critique* and *Social Justice Matters: Annual Socio-Economic Review.*

International Protection, ODA and DSGBV

As of May 2025, there were 32,704 people living in Direct Provision and emergency international protection accommodation spread across 328 locations, 4 of which are temporary tented sites. In contrast, and in addition to those seeking international protection, as of February 2025, 112,189 Ukrainian refugees have arrived, being granted automatic temporary protection status. As conflict continues, many may never return. According to the Parliamentary Budget Office Spring Commentary 2024, inward net migration is projected to be 35,000 per annum from 2026 to 2030, bearing in mind that this figure has been exceeded in past years. This population growth must be planned for accordingly.

The Programme for Government makes no reference to the Day Report (2020) and the subsequent White Paper on Ending Direct Provision (2021). The commitment now is to 'new dedicated accommodation' and 'accommodation with restrictions on...movement'. Both increasing levels of global conflict and climate chaos will mean more asylum seekers and refugees may arrive here seeking safety and security.

The White Paper had committed to a system that aims to support those applying for protection to integrate in Ireland from day one with health, education, housing and employment supports, moving towards new, not for profit Reception and Integration Centres. The focus seems to have shifted from integration and supports to processing and procedures.

As many individuals with leave to stay are unable to exit accommodation centres, the issue of housing is increasingly a concern. The previous Programme for Government commitment to abolishing the Direct Provision system and moving away from the for-profit model must be maintained. Now, more then ever, this needs to be resourced as a matter of urgency. The lack of housing is also impacting on social cohesion.

The provision of appropriate, sustainable acceptable accommodation in areas that have links to schools, shops, employment opportunities, transport links and community support networks is the key to supporting integration. As little to no progress has been made in this area, this needs investment of **€600m in Budget 2026.** Investment must be made in supports for these vulnerable people in our protection system with **€10m** needed to ensure language and admin resources.

ODA, Climate Finance, and Loss and Damage

Social Justice Ireland recognises and welcomes the increased contributions to Official Development Assistance (ODA) in recent Budgets. However, more must be done if we are to reach the UN-agreed 0.7 per cent target. We call on Government to commit to a clear pathway to achieve this target over the next 5 years (see Social Justice Matters, ch.13).

***Social Justice Ireland* calls on Government to allocate an additional €205.7m in 2026 to move towards our ODA commitment of 0.7 per cent of GNI*.**

Social Justice Ireland welcomed the Government's Climate Finance Roadmap in 2022 which set a target of €225 million per year by 2025. However, the inclusion of Climate Finance within ODA distorts our commitments. Ireland has committed to targets for ODA, Climate Finance, and Loss and Damage. Government should recognize that these are three separate obligations under three different agreements, and contributions to each should be disaggregated from one another.

Government should therefore separately allocate **€225m to Climate Finance in 2026**. To do so, we recommend this be drawn from windfall revenue in 2026, and over the coming years Government should incrementally fund this from stable recurring revenue.

Table 16.1: Pathway to UN target of 0.7% of GNI* by 2030

Year	Projected GNI* (€m)	% of GNI* required in each year	Required budget for ODA in each year (€m)	Required increase in Budget allocation for ODA (€m)
2025	331,075	0.54	1,780	-
2026	348,300	0.57	1,985.7	205.7
2027	365,750	0.60	2,204	218.2
2028	383,600	0.64	2,436.1	232.1
2029	400,975	0.67	2,676.6	240.5
2030	419,200	0.70	2,934.4	257.8

Domestic, Sexual, and Gender-Based Violence (DSGBV)

By December 2024, the Garda National Protective Services Bureau (GNPSC) responded to 65,000 domestic violence reports, an average of 1,250 a week and a disturbing increase of 20 per cent compared with the previous year. Fundamental Rights Agency report more than 1 in every 3 women in Ireland have now experienced either psychological, physical and/or sexual abuse at the hands of an intimate partner.

A Council of Europe report provides that there should be one place per 10,000 population for victims of DSGBV. Based on preliminary Census estimates of a population of 5,380,300, this would equate to 538 places. However we are falling far short of this target. The Programme for Government referred to an "epidemic of domestic, sexual and gender-based violence". But as like any epidemic, adequate resources are needed to combat it. Government must meet their commitments under the Istanbul Convention and provide a **further 380** refuge spaces for victims of DSGBV, not the total of 280 as committed to in Programme for Government. **This would cost approximately €210 million in Budget 2026.**

Deepening Crisis for Low-Income Households

On this page we focus on three key groups in Irish society in need of particular support in Budget 2026. They are: those who have been most exposed to recent price rises, those working but on the lowest hourly earnings, and children living in households below the poverty line.

Cost-of-living pressures and those on the Lowest Incomes

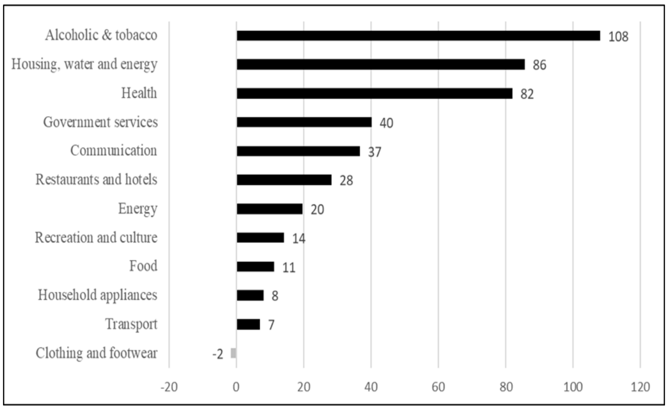
Despite progress in bringing inflation under control, cost-of-living pressures continue to challenge households across Irish society, particularly those on lower incomes. This challenge is evident in the CSO SILC data, which shows that even with additional short-term measures, poverty increased between 2023 and 2024, a worrying trend. These figures point to the long term economic and social impact of rising prices on households on the lowest incomes as temporary measures wind down. The deprivation rate for households experiencing poverty has also increased substantially in the past year, from just over 33 per cent in 2023 to over 43 per cent in 2024. Continued inflation means that the real value of household income is being eroded, placing households reliant on fixed incomes in a very precarious position.

Eurostat data (Chart 17.1) further highlights how high Ireland's consumer price levels are relative to other EU countries. Compared to EU averages, Irish consumers pay more for most areas of day-to-day spending including housing, water and energy (+86 per cent), health (+82 per cent), government services (+40 per cent), communications (+37 per cent), energy (+20 per cent), food (+14 per cent), appliances (+8 per cent) and transport (+7 per cent).

Low-income households are disproportionately affected because they spend a greater share of their income—often out of necessity—on essential goods and services that have seen the sharpest price increases, such as food, housing, and energy. CSO SILC data also reveals that after housing costs almost 43.4 per cent local authority tenants and 57.3 per cent recipients of HAP, RAS, or rent supplement live on an income below the poverty line.

Given these realities, Budget 2026 must prioritise targeted, permanent supports for these households. Without sustained interventions, it risks deepening poverty and exacerbating inequality.

Chart 17.1: Percentage Difference between Irish Consumer Prices and Average EU levels, 2023



Source: Eurostat online database (prc_ppp_ind)
Note: High taxes largely explain the price gap for alcohol and tobacco.

Paying a Living Wage

Over the past decade *Social Justice Ireland* and a number of other organisations have come together to form a technical group which researched and developed a Living Wage for Ireland. In July 2014 the group launched a website (www.livingwage.ie) and a technical paper outlining how the concept is calculated. The latest update to the figure was published in September 2024 and reported a Living Wage rate of €14.75 per hour for 2024/25.

Social Justice Ireland believes that the Living Wage has an important role to play in addressing the persistent income inequality and poverty levels in our society. Addressing low pay through a Living Wage is essential to ensure workers can achieve a minimum acceptable standard of living and to reduce in-work poverty, which affects over 140,000 people despite their employment.

We welcome the new Government's recognition of the Low Pay Commission's vital work in the Programme for Government and trust that this reflects a renewed commitment to the introduction of a Living Wage in Ireland. Budget 2026 should demonstrate this by fully introducing it, thereby ensuring that everyone receives a wage that supports a minimum acceptable standard of living.

Investing to Address Child Poverty

Children are one of the most vulnerable groups in any society. Consequently, the issue of child poverty deserves particular attention. The time is overdue for Government to once and for all address this persistent and damaging problem.

Child poverty is measured as the proportion of all children aged 17 years or younger that live in households with an income below the 60 per cent of median income poverty line. The 2024 *SILC* survey indicates that this equates to approximately 190,000 children. In 2024, 13.8 per cent of children were identified as living in child-specific enforced deprivation. This means that nearly one in seven children lack at least three essential items or experiences deemed necessary for their development and wellbeing. Recent decreases have been achieved and were primarily driven by targeted welfare payments for families.

The fact that such a large proportion of our children are living below the poverty line has obvious implications for the education system, for the success of these children within it, for their employment prospects in the future, and for Ireland's social and economic performance in the long-term.

Child benefit remains a key route to tackling child poverty and is of particular value to those families on the lowest incomes. Judged over time, there are significant benefits to society from a targeted anti child poverty programme, delivering major benefits to families in poverty, or at risk of being in poverty, but also delivering substantial long term benefits to the State. Government should embrace this approach and commit to investing more to address, reduce and prevent child poverty. Budget 2026 should **increase child benefit by €50 a month at a cost of €777.5m and increase the Qualified Child payment by €6 for those under 12 and by €15 for those 12 and over at a cost of €130m.**

Summary of Key Policy Goals and Investment Packages

Windfall Spending: -€4,845m, including:

- Increase social housing construction - €1.92bn
- Infrastructure investment in Sláintecare - €600m
- Invest in renewable energy and grid upgrade - €1bn
- Climate Finance - €225m

Housing (excluding €1.92bn windfall investment): +€285m, including:

- Expand *Housing First* to families - €100m
- Convert the Rent Tax Credit to a Grant - €152m
- Services and infrastructure to support social housing - €100m
- Establish a procurement centre in the LDA - €5m
- End the *Help to Buy Scheme* - €225m
- End the Shared Equity Scheme - €80m
- Restore the Non Principal Private Residence Tax - €106m
- Increase spending on private rent inspections and increase tenant protections - €5m

Just Transition: +€161m, including:

- Introduce aviation tax on commercial flights - €215m
- Ensure adequate funding is provided for a Just Transition through increase in the carbon tax - €154m
- Aggregate levy of €2.50 per tonne - €75m
- Adequate funding for renewable energy programmes and Community Advisors - €85m
- Begin to wind down fossil fuel subsidies - €94m
- EV and home charger grants for rural dwellers - €48m

Rural, Regional and Community: -€285m, including:

- Allocate funding to Regional Development and Transition - €100m
- Extra funding for Enterprise Ireland and Failte Ireland - €50m
- Continued roll-out of rural broadband and remote hubs - €50m
- Increase funding for rural transport - €50m
- Adequately resource the Community Services Programme and invest in community capacity building - €8.3m
- Increase funding for the Community and Voluntary sector - €70m
- Increase funding for PPNs - €4m
- Support for Integration Officer in Local Authorities - €2m
- Support Youth Services and Youth Workers - €21m

Social Welfare: -€1,300m, including:

- Increase core social welfare rates by €25 per week - €907m
- Increase and extend the Fuel Allowance to recipients of the Working Family Payment - €178.4m
- Equalise Jobseekers' rates for under-25s - €54m
- Increase the Living Alone Allowance by €10 per week - €130m

Health, Disability and Carers: -€870m, including:

- Further invest in Enhanced Community Care - €100m
- Invest in Universal Access to GP and CHNs - €100m
- Invest €50m in Community Nursing Facilities and rehab beds.
- Implement the *Sharing the Vision* mental health strategy - €35m
- Raise excise duty on beer, spirits, cider (5c) and wine (25c) - €76m
- Introduce a Cost of Disability Payment - €238m
- Increase investment in disability services, including respite and PA services - €40m
- Increase Domiciliary Care Allowance (DCA) - €17m
- Expand Free Travel Scheme to DCA recipients - €6.1m
- Increase the Carer's Support Grant - €22m

Education: -€523m, including:

- Invest in higher and further education and increase apprenticeships - €140m
- Extend the hot school meals programme to all DEIS post primary schools - €55m
- Increase the Maintenance Grant for full-time students at third level - €48m
- Fund apprenticeship programmes focused on Travellers - €2m
- Increase funding for training and skills development through increased employers' contribution to National Training Fund Levy - €74m
- Restore Back to School Clothing and Footwear Allowance - €18m
- Raise capitation grants by 5% at primary and second level - €14m
- Increase support for DEIS schools - €15m
- Reduce Pupil-Teacher Ration at primary level - €70.5m
- Expand JCSP Library project - €5m
- Increase school places for children with special needs - €100m
- Increase funding for adult literacy - €25m

Children and Families: -€1,592m, including:

- Increase Child Benefit by €50 per month - €777.5m
- Increase qualified child payment by €6 and €15 - €130m
- Increase the childcare subsidy for children under 3 - €9m
- Move investment in ECCE towards OECD average - €332m
- Increased funding to Tusla for child protection and social provision for children - €46.7m
- Increase ECCE capitation grant by 10% - €26m
- Increase parental and paternity leave by 2 weeks - €42m
- Increase refuge spaces and supports for victims of Domestic, Sexual and Gender-based Violence - €221m

Pensions and Older People: -€1,607m, including:

- Implement Universal State Social Welfare Pension - €2,219m
- Standard-rate tax relief on private pension contributions and reduce earnings cap for contributions - €745m
- Invest in social care, including Home Care Packages - €96m
- Increase Housing Aid for Older People and for People with Disabilities - €9m
- Increase acute mental health beds for older people €25m

ODA & International Protection: -€218m, including:

- Invest in ODA to reach 0.7% of GNI* by 2030 - €206m
- Invest in supports for people in Direct Provision - €10m
- Implement Trafficking in Persons Report proposals - €2m

Other taxation and revenue-raising: +€2,323m, including:

- Non-indexation of Income Tax - €1.1bn
- Increase minimum effective tax rate on €400k+ earnings from 30% to 32% - €100m
- Standard-rate discretionary (non-pension) tax expenditures - €152
- Increase employers' PRSI by 0.5% - €900m
- Increase Capital Gains Tax from 33% to 35% - €138m
- Reform the R&D tax credit system - €200m
- Introduce a Financial Transactions Tax - €350m

The Social and Economic Position Framing Budget 2026

Table 19.1 brings together a range of relevant data and indicators which reflect various aspects of Ireland's social and economic situation. These data frame the context of Budget 2026.

Windfall tax receipts, particularly in corporation tax, are set to contribute to an estimated General Government Surplus of €8.7bn in 2025. Full employment, while welcome, also presents challenges when it comes to addressing the many deficits in infrastructure and service provision facing Ireland today.

Inward migration, while providing some 579,500 workers to the economy, places additional strains on existing infrastructure and services and must be properly forecasted in the years to come.

Notwithstanding the large surplus, Ireland's low tax-take as a proportion of national income is still below the EU average and must be increased on a per capita basis to ensure the sustainability of future Budgets.

Table 19.1: Ireland's Social and Economic Position ahead of Budget 2026

Estimated General Government Surplus (APR 2025)	€8.7 billion	Minimum Wage (per hour / 39 hr week)	€13.50 / €526.50
Projected Government Surplus for 2026 (APR 2025)	€6.3 billion	Living Wage (per hour / 39 hr week)	€14.75 / €575.25
Gross Govt Debt, % of GDP / GNI*, 2024, original forecasts from Department of Finance	41.4 % / 69.1%	Living Wage (2025 estimate) proposed by Government (per hour / 39 hr week)	€13.70 / €534.30
Gross Govt Debt, % of GDP / GNI*, 2025, projection by ESRI	68.4% (GNI)	Minimum Social Welfare Payment (1 adult)	€244 per week
Gross Govt Debt, % of GDP / GNI*, 2026, projection by ESRI	66.8% (GNI)	Minimum Essential Standard of Living amount for working-age adult living alone 2025 (urban/rural)	€287 / €353 per week
Inflation rate (CPI/HICP) year to May 2025	1.7% / 1.4%	Poverty line for 1 Adult (week / year) in 2025	€366.30 / €19,113
General Government Balance 2024/2025/2026 (€ million) (Department of Finance)	23,180/ 8,655/ 6,310	Poverty line for 2 Adults (week / year) in 2025	€608.06 / €31,728
General Government Debt 2024/2025/2026 (€ billion) (Department of Finance)	218.2/ 214.5/ 216.1	Poverty line for 1 Adult + 1 Child (week / year)	€487.18 / €25,421
Unemployment (May 2025)	118,600 / 4.0%	Poverty line, 2 Adults + 2 Children (week / year)	€849.81 / €44,343
Unemployment rate ages 15-24 / 25-74 (May 2025)	9.5% / 3.6%	Population living in poverty (% / numbers) 2024	11.7% / 629,495
GDP / GNI* 2025 (to nearest €25m)	569,550m/ 328,450m	Children living in poverty (% / numbers) 2024	15.3 / 190,000
Effective Tax Rate for single person earning €25,000	14.4% / 9.4% (2015/2025)	People in employment living in poverty (% / numbers) 2024	5.4% / 140,377
Effective Tax Rate for single person earning €60,000	32.8% / 25.0% (2015/2025)	% of population experiencing deprivation (2+ basic items) (2024)	15.7%
Effective Tax Rate for single person earning €100,000	40.4% / 35.4% (2015/2025)	Number in need of long-term sustainable homes	c.140,000 households
Effective Tax Rate for 2-earner couple earning €25,000	1.3% / 0.6% (2015/2025)	Homeless adults in Ireland (May 2025)	10,903
Effective Tax Rate for 2-earner couple earning €60,000	17.1% / 12.4% (2015/2025)	Homeless children in Ireland (May 2025)	4,844
Effective Tax Rate for 2-earner couple earning €100,000	29.2% / 20.6% (2015/2025)	Population of Ireland (CSO 2024)	5,380,300
Corporation Tax rate / Pillar 2 Min Effective Rate	12.5% / 15%	Net migration (year to Apr 2024)	79,300
Capital Gains Tax rate	33%	% of population 65+ in 2022 / 2025	15.1% / 15.84%
VAT rates—Standard / Reduced / Agricultural	23% / 13.5% / 4.8%	Old Age Dependency Ratio 2022 / 2032	23.1 / 27.8

Sources: Department of Finance *Annual Progress Report May 2025,* Department of Finance *Budget 2025 Economic and Fiscal Outlook 2025 October 2024,* Department of Public Expenditure *Revised Estimates for Public Services 2025*, Revenue Commissioners, various Parliamentary Budget Office publications, ESRI's Quarterly Economic Commentary, Spring 2025, CSO *Labour Force Survey*, CSO *Population and Migration Estimates*, CSO *SILC*, CSO *Census 2022*, CSO *Population and Labour Force Projections (assumption M2F1)*, CSO *Monthly Unemployment May 2025*, CSO *Consumer Price Index May 2025*, CSO Labour Force Survey Quarterly Series, SVPs MESL data, Department of Housing, Local Government and Heritage *Monthly Homelessness Report May 2025*, and Social Justice Ireland's *Socio-Economic Review 2025* **Note:** numbers for future years are projections.

Budget 2026 - time to deliver on commitments

Government must use Budget 2026 to prioritise fairness, the common good and deliver on Programme for Government commitments. 'Securing Ireland's Future' contains welcome commitments in relation to running progressive budgets; a progressive social protection system that is sustainable and fair; developing and maintaining a broad tax base; introducing a cost of disability support payment; establishing a unit for future planning; the extensions of the fuel allowance payment to those in receipt of Working Family Payment; funding appropriate levels of current and capital expenditure growth to meet the needs of our growing population; and increasing public sector investment to address infrastructural deficits.

Ireland is in a strong economic position despite global trade uncertainty, with strong GDP and GNI* figures, and strong labour market figures. Government must use the resources generated by strong economic performance in recent years to address longstanding social and infrastructural challenges including poverty and inequality, low paid employment, access to disability services and health care services, housing and homelessness and our water, energy and public transport infrastructure.

The exchequer has seen unprecedented levels of corporate windfall revenue in recent years. This cannot be expected to continue in the medium to long term, and these resources must be invested in our social infrastructure to build social and affordable homes, to upgrade water and energy infrastructure to support housing delivery, and our energy transformation.

Delivery on these key areas of infrastructure must be a budget priority. Essential to the delivery of progressive budgets is a commitment to the principle of benchmarking core social welfare rates to average earnings moving towards a system of indexation overtime. Our social welfare system is the minimum floor under which no one in society should fall. A commitment to benchmarking core social welfare rates is the foundation of a progressive, sustainable and fair social protection system. It also requires progressive taxation policies and measures in a fair tax system where those who have more pay more, while those who have less pay less.

The development and maintenance of a broad, sustainable and stable tax base requires a new tax take target on a per capita basis. This would ensure that Government can also deliver on its commitment to deliver the services and infrastructure required by a growing and ageing population. Demographic change is already having a significant impact on the demand for and delivery of social services and infrastructure, and this is set to expand in the years ahead. Work must begin now on planning for a sustainable tax take and wise investment of available funds into services and infrastructure to embed resilience.

Putting the Common Good, and the policies which support it at the centre of policy making can help us to harness the benefits of our strong economic position and ensure Government invests in and delivers on policies and commitments that will make a positive difference to society, to wellbeing and to our communities.

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All of these are available on our website at www.socialjustice.ie
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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 societies as a whole.

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