



Budget 2026: Analysis and Key Messages

1. Key Messages

The Economic Landscape

- **Budget 2026 is notably pro-cyclical**, with the highest projected public spending growth in the EU despite already leading in economic performance. This approach risks intensifying inflationary pressures and contributing to economic overheating.
- Ireland's fiscal outlook has deteriorated despite stronger-than-expected revenues. In Budget 2024 (published three years ago), a surplus of €14.6 billion was projected for 2026. This has now been revised down to €5.1 billion, not only significantly lower than earlier forecasts but also well below the expected €10.2 billion surplus for 2025.
- Budget 2026 did not include fiscal forecasts beyond 2026, a departure from the practice in previous years where multi-year projections were provided. The absence of medium-term forecasts limits the scope for robust fiscal planning and policy analysis, particularly in assessing the sustainability of budgetary measures.

Spending: Clarifying the Picture

- Budget 2026 sets a new record for Government spending, with the largest package in the history of the State in nominal terms.
- **Total spend is projected at €117.8 billion**—comprising €97.7 billion in current spending, €19.1 billion in capital investment, and €1 billion in unallocated resources - **an increase of nearly €11.4 billion compared to the Budget Day estimate for 2025.**
- Given the size of this year's budget, the PBO would question the need to include unallocated and contingency funds totalling more than €1.5 billion as part of the Budget 2026 package.

- The rate of change between Budget 2025 and Budget 2026 estimates is approximately 12%. This is a similar rate of change in estimates in Budgets 2006 and 2007.
- The PBO welcomes the prioritisation of capital investment in Budget 2026. However, there is only limited detail provided around specific capital projects in 2026 despite the significant increase in capital spending for the coming year.

Tax Changes in Budget 2026

- The decision to make limited changes to personal income taxes in Budget 2026 increases revenue for the Exchequer. Taken in isolation, this can be viewed as a form of countercyclical fiscal policy. However, the fiscal impact of this strategy can be diluted when implemented alongside other tax-reducing measures.
- The tax package for Budget 2026 is estimated by the Department of Finance to cost under €1.3 billion. But **the full year costs are approximately €2.3 billion**. Considering the full-year impact is essential to understanding the long-term fiscal implications and assessing the sustainability of the tax base.
- A number of housing incentives introduced or amended, costing over €675.6 million in their first year. The PBO is not aware of any analysis which considers how these different measures interact with the housing market, and whether any of these have been effective, counter-productive or created unintended consequences.

Budget Policy: A Weak Evidence Base

- Budget 2026 includes expenditure allocations, policy costs, and tax expenditures. These figures should be underpinned by a strong evidence base driven by well-informed assumptions and best possible data available.
- **The PBO is concerned about the strength of the evidence used to support some Budget decisions.** For instance, not all of the promised tax

expenditure reviews were published, and some of those that were did not meet the expected standards. An evidence base is essential to ensure that policy decisions are transparent, effective, and deliver value for money.

- The absence of any Spending Review papers to date in 2025 could weaken the credibility of the Budgetary process. These papers should clearly feed into the evaluation of current spending, policy design, and decision-making.
- There is a lack of published costing analyses and methodological documentation underpinning cost estimates in the Budget. The lack of clear documentation limits effective scrutiny.
- Robust and transparent estimations are essential to properly assess the impact of policies on public finances.

Existing Level of Service

- There is a notable absence of transparent, data-driven analysis to underpin other fiscal decisions. Crucially, the methodology used to calculate the Existing Level of Service (ELS) remains unpublished.
- This calculation is fundamental to understanding how demographic changes, public sector pay deals, and other cost pressures are factored into departmental allocations.
- **Budget 2026 abandons the Government's previous approach to expenditure allocations.** There is now no separation between the allocation given for new measures and funding required to maintain ELS, with the exception of the pay deal impact and carry over costs.
- Without access to this information, it is not possible to assess whether the Government's approach provides an appropriate level of funding for ELS.

2. Contents

1.	Key Messages	1
2.	Contents	4
2.1.1	Budget insights dashboard	5
3.	The Economic Landscape	6
4.	Spending: Clarifying the Picture	11
4.1	Budget Approach	13
4.2	Capital v Current Allocations	13
4.3	Key Spending Decisions	16
4.3.1	Housing	16
4.3.2	Arts & Culture	16
4.3.3	Education	16
4.3.4	Public Transport	17
4.3.5	Social Protection	17
5.	Tax Choices in Budget 2026	18
5.1	R&D Tax Credit	20
5.2	VAT Changes	21
5.2.1	VAT on Food & Catering & Hairdressing	21
5.2.2	VAT on New Apartments	23
5.2.3	VAT on Gas and Electricity	24
5.3	Income Tax Package	24
5.4	Housing Incentives	28
5.5	Tobacco Excise	29
5.6	Digital Games Tax Credit	30
6.	Budget Policy: A Weak Evidence Base	31
6.1	Tax Expenditure Reviews	31
6.2	Example of evidence-based decision making - Basic Income for the Arts scheme (BIA)	31
6.3	Absence of Spending Reviews or Value For Money analysis	32
6.4	Information on Budgetary Costings	34

6.5 Existing Levels of Service (ELS)36

6.5.1 The Importance of ELS Estimates in the Budget Process.....36

6.5.2 Parliamentary Budget Office ELS Estimates36

6.5.3 ELS Estimates in Expenditure Report for Budget 202637

2.1.1 Budget insights dashboard

The PBO has published a [Budget 2026 interactive dashboard](#) to be read alongside this analysis. This dashboard is an interactive and visual tour of Budget 2026.

3. The Economic Landscape

Ireland has experienced a prolonged period of exceptional economic growth, consistently outpacing its European peers. Over the past decade, the number of people employed in Ireland has increased by 37%, compared to just 11% across the EU.¹ New forecasts released today suggest this strong performance will continue into 2026 and 2027. Forecasts for the key economic variables are outlined in Table 1 below.

Table 1: Overview of key economic forecasts

Indicator	2025	2026	2027
GDP Growth	10.8%	1.0%	4.2%
Modified Domestic Demand	3.3%	2.3%	2.9%
Unemployment	4.6%	4.8%	4.9%

Source: Department of Finance, Economic and Fiscal Outlook 2025

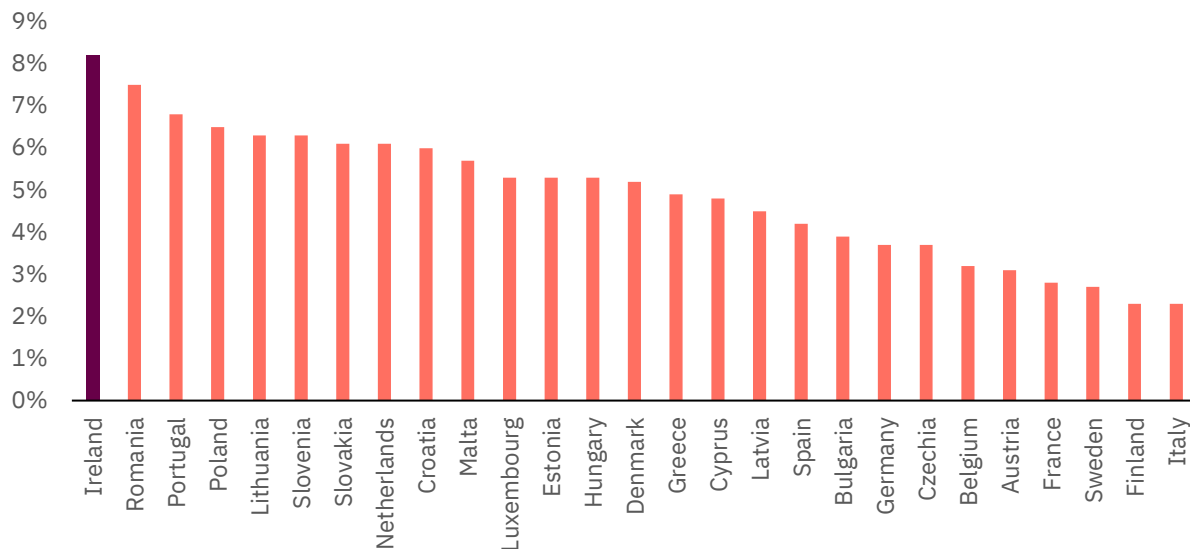
With economic prosperity comes the risk of overheating. This occurs when an economy grows too quickly, and demand for goods and services begins to exceed supply. The result can be rising inflation, labour shortages, and pressure on housing and infrastructure. Expansionary fiscal policy—such as increased government spending or tax cuts—can exacerbate these risks by further stimulating demand. In such conditions, economic international best practice suggest governments should adopt counter-cyclical fiscal policy—reducing spending or increasing taxes during periods of strong growth to help stabilise the economy and avoid creating inflationary pressures, asset bubbles and unsustainable growth.

Budget 2026 will see total spending rise by €11.1 billion in 2026, making Ireland the country with the fastest growth in public spending in the EU, as measured by General Government Spending. This is despite Ireland already having the strongest economic performance among these countries, as measured by Irish MDD growth

¹ [Eurostat](#)

(and GDP growth for all other countries) in the first six months of 2025. Figure 1 illustrates forecasts for spending growth across EU countries in 2026.

Figure 1: 2026 Annual Growth in General Government Expenditure Forecasts



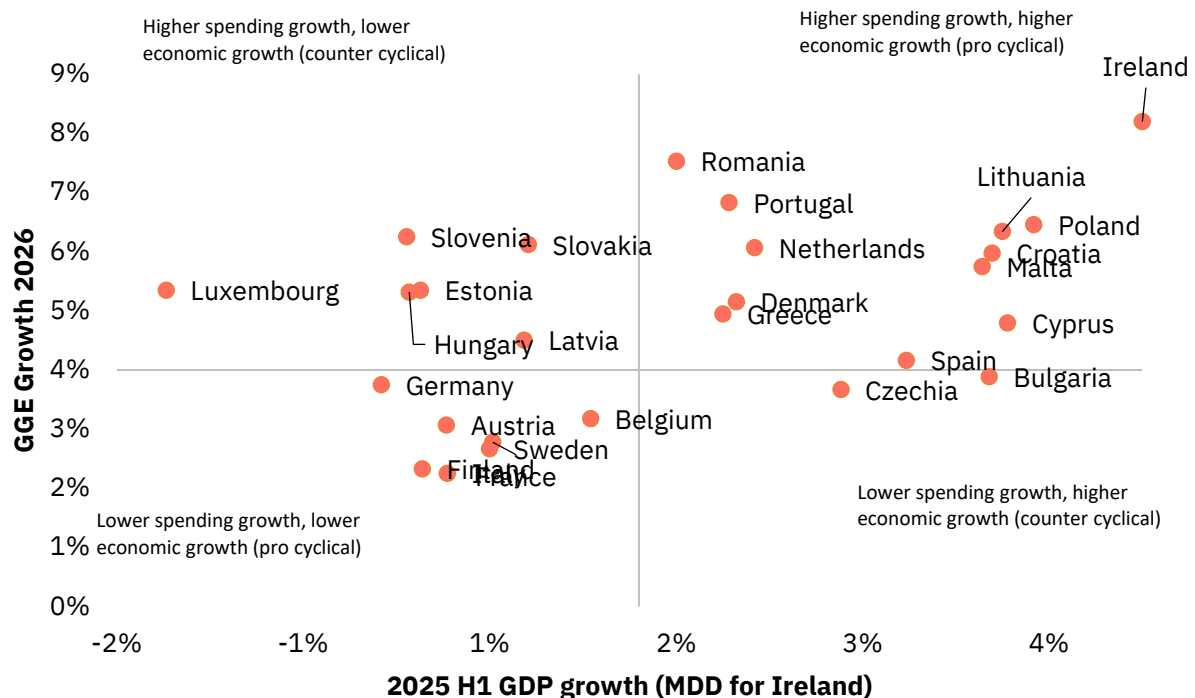
Source: Forecasts for EU countries taken from Ameco, forecasts for Ireland taken from Department of Finance [‘Economic and Fiscal Outlook’](#).

Figure 2 presents a scatter plot of GDP growth in the first half of 2025 (horizontal axis) versus annual government spending growth in 2026 (vertical axis) for each EU member state. Each point represents an individual country. Ireland is in the top-right quadrant, reflecting both strong economic growth and a notable increase in public spending. This positioning suggests a more pro-cyclical fiscal approach, where expenditure tends to rise in tandem with economic expansion—potentially reinforcing demand and inflationary pressures. Further evidence of this pro-cyclical stance is Ireland’s current macroeconomic context: the economy is operating near full employment, and the output gap is estimated at 1.7%. These indicators suggest that the economy is running above its potential, making expansionary fiscal policy more likely to exacerbate overheating risks.

Countries in the bottom-left quadrant are also showing pro-cyclical tendencies as they are experiencing weaker growth alongside more restrained spending. Those in the top-left quadrant show relatively high spending growth despite lower economic growth, pointing to a more counter-cyclical fiscal stance, where fiscal policy may be used to support demand. Similarly, countries in the bottom-right quadrant—with

strong GDP growth but slower spending growth—also exhibit a more counter-cyclical stance, potentially aiming to moderate overheating risks.

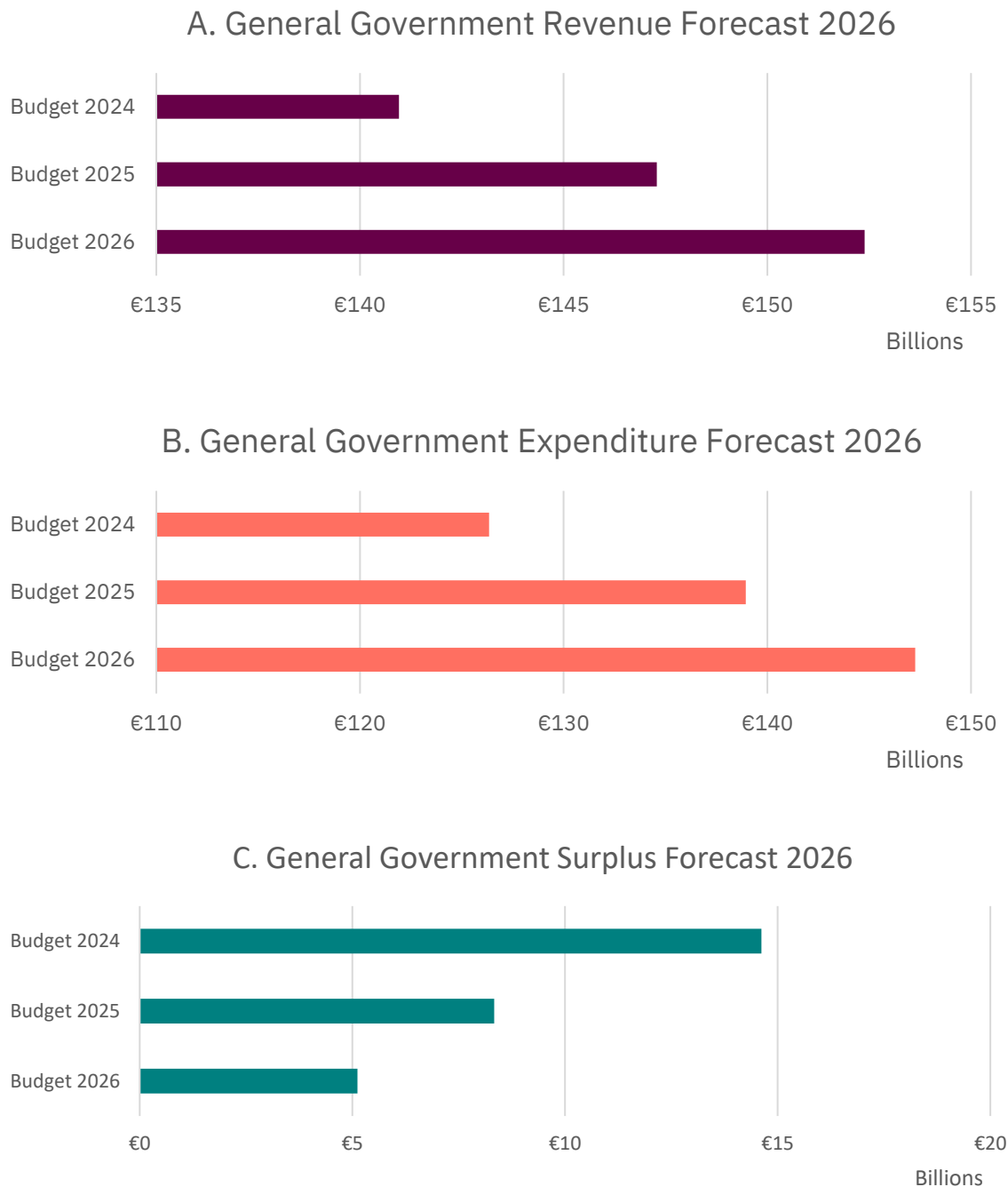
Figure 2: Spending Growth vs. Economic Growth: Fiscal Policy Patterns



Source: PBO calculations based off [Ameco](#), [Eurostat](#) and [CSO](#). For Ireland, Modified Domestic Demand is used instead of GDP.

Medium-term fiscal planning continues to present challenges. In Budget 2024, official projections estimated general government revenue for 2026 at €140 billion. The latest figures released today revise that estimate upward to €152 billion—an increase of 8.1%. On the other hand, general government expenditure next year is now forecast to be 16.5% (€21 billion) higher than forecasts produced 3 years ago for 2026.

Figure 3: Previous Budget Day forecasts for 2026 Revenue (A), Expenditure (B) and Budget Surplus (C)



Source: [Economic and Fiscal Outlook Budget 2024](#), [Economic and Fiscal Outlook Budget 2025](#) and [Economic and Fiscal Outlook Budget 2026](#).

As a result, the outlook for the public finances has weakened. Three years ago, a surplus of €14.6 billion was projected for 2026; the current forecast has been revised down to €5.1 billion. Figure 3A 3B and 3C illustrates the changes in the 2026 forecasts for general government revenue, expenditure, and the overall

balance in previous Budgets, highlighting the deterioration in the projected fiscal position despite improved revenue expectations. The projected surplus for 2026 (€5.1 billion) is not only lower than previously forecast, but also significantly below the expected surplus for 2025 (€10.2 billion), raising concerns about the trajectory of public finances.

In addition, despite headline projections of a budget surplus in 2025, this position is heavily reliant on windfall corporation tax receipts. Excluding these one-off revenues, the government would be running a deficit of €13.5 bn in 2026 (-3.8% of GNI*), raising concerns about the sustainability of current spending levels. Furthermore, the deficit could be even larger if certain equity transfers—currently treated as off-balance sheet—were reclassified as on-balance sheet expenditures by Eurostat. More details on this are [here](#).

The PBO notes that Budget 2026 did not include fiscal forecasts beyond 2026, a departure from the practice in previous years where multi-year projections were provided. The absence of medium-term forecasts limits the scope for robust fiscal planning and policy analysis, particularly in assessing the sustainability of budgetary measures. We strongly encourage that these projections be included in the forthcoming Medium-Term Fiscal and Structural Plan, as they are essential for informed scrutiny and strategic decision-making.

4. Spending: Clarifying the Picture

Budget 2026 has continued the trend – started in 2018 – of having the largest budget allocation in the history of the state, in nominal terms. The 2026 spending allocation of €117.8 billion is larger than the budget package set out in the Summer Economic Statement.² Current funding of €97.7 billion and capital expenditures of €19.1 billion are earmarked for the coming year - though this includes €585 million in yet to be allocated funds (€295, current and €291, capital). An additional €1 billion is being held as a contingency reserve.

While the headline budget package for 2026 totals €8.1 billion in additional expenditure - €6.1 billion current, €2 billion capital - the true year-on-year spending increase will be closer to €11.4 billion over 2025's original estimate of €105.4 billion³ – when the unallocated/reserved funds are included. This is due to an additional in-year allocation of €3.3 billion in 2025, thereby setting the new base for spending in 2026 at €108.7 billion.

The PBO would question the need to include more than €1.5 billion in unallocated and contingency funds in Budget 2026, given the already significant level of spending assigned to the coming year. Mechanisms – such as Supplementary Estimates – already exist where Departments require additional in-year allocations due to overspend or unforeseen circumstances.

Commentary in the lead up to today's announcements implied that the State would be seeking to take a more prudent approach to spending in 2026.^{4,5} However, when the fiscal response to the COVID-19 pandemic in 2020 is excluded, the estimate for the coming year will be the largest year-on-year euro increase in spending since the turn of the century. This scale of increase is all the more striking given that Budget

² [Summer Economic Statement 2025](#), Department of Finance (2025)

³ [Budget 2025 - Expenditure Report](#), Department of Public Expenditure, Infrastructure Public Service Reform and Digitalisation, October 2025.

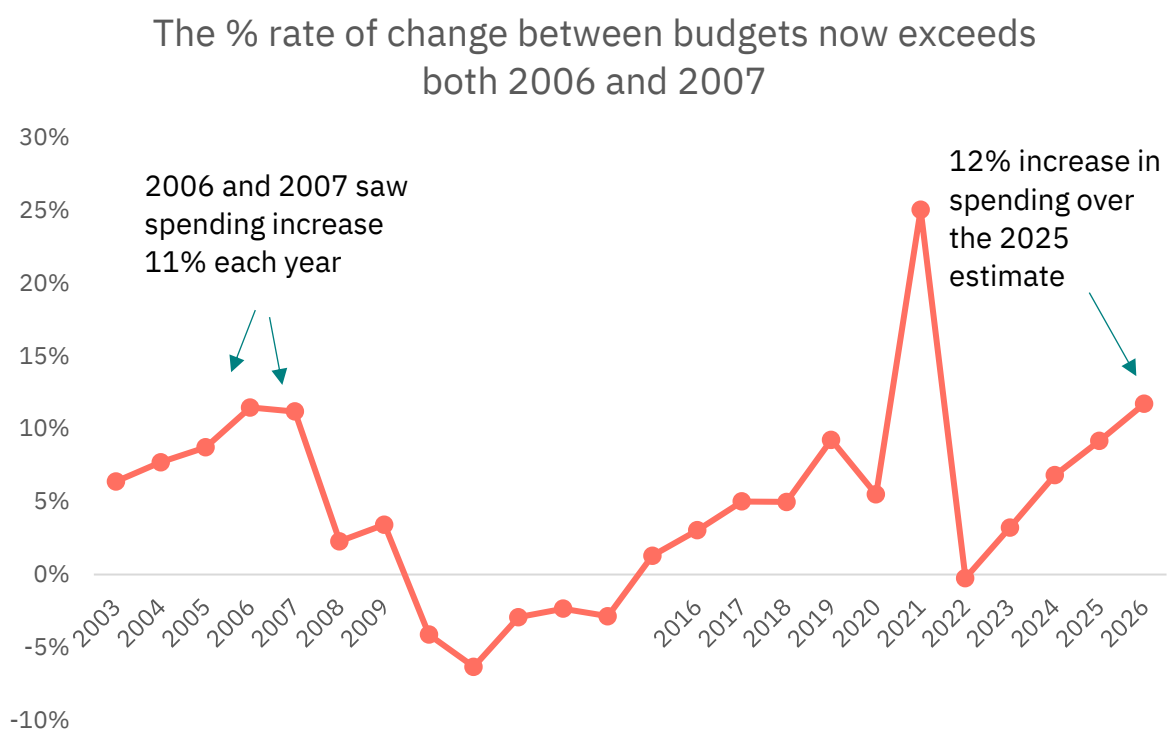
⁴ [Minister Jack Chambers TD: 'We will shorten the infrastructure project lifecycle'](#). Eolas Magazine, August 2025

⁵ [Budget 2026 will slow growth in expenditure seen in recent years, Jack Chambers says](#). The Irish Times, September 2025.

2026 contains none of the one-off cost of living measures that had been present in recent budgets.

The total annual change between budget day expenditure packages is approximately 12% - above the rate of year-on-year change seen in Budgets 2006 and 2007. While this is not intended to draw direct comparison between budgets, it is representative of expansionary budgets being delivered in already strongly performing economies.

Figure 4: Annual change (%) between budget announcements 2003-2026



A further concern with an already historically large budget package is the potential for further in-year funding within 2026 driving spending even higher. With overspends against estimate in all but five of the last 18 years (with a net cost €34.6 billion), Departments must be cautious not to spend beyond their 2026 allocations.

4.1 Budget Approach

The stated approach to budget allocations for 2026 is focused on “adequacy, efficiency, and fiscal sustainability”,⁶ both in the current and capital budgets. This has manifested through a reduction in scope for ‘new measures’ in many Departments, with emphasis being placed on:

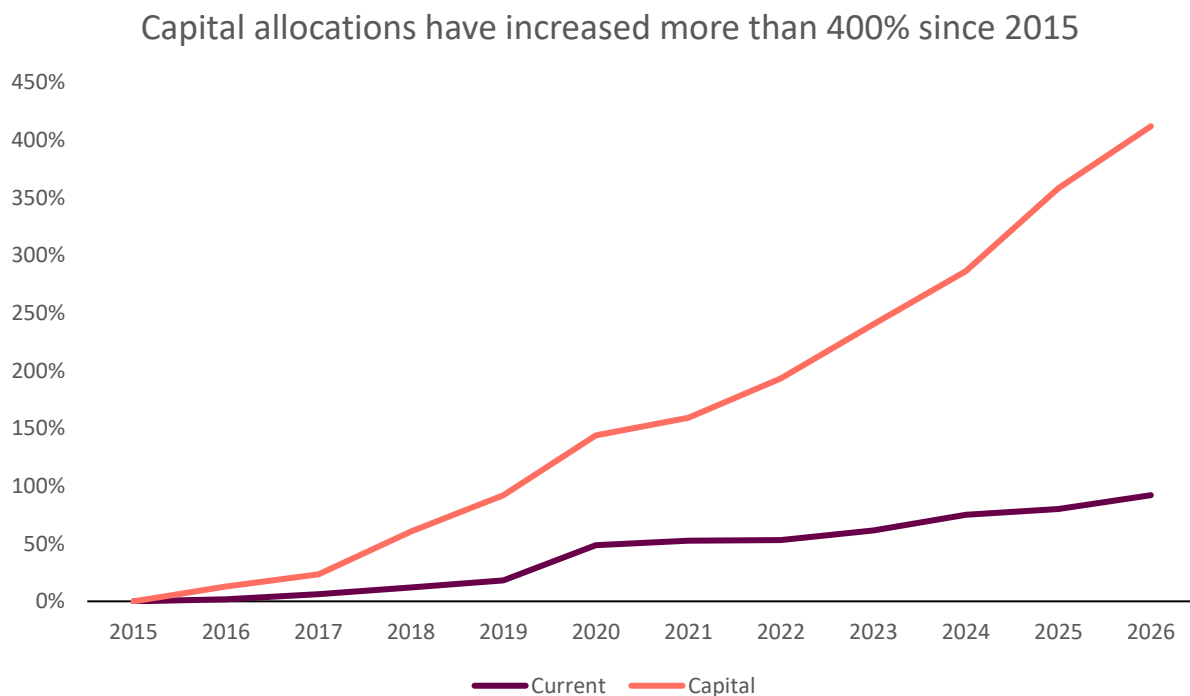
- the extension of existing temporary measures (e.g., continued reduction in public transport fares),
- making permanent previously trial/temporary measures (e.g., artists universal basic income scheme; reduction in third level fees),
- increases in public sector staffing (e.g., health, education and policing), and
- increases in social welfare and pension rates.

Combined, spending on adjusted policies and expanded services account for just €3.3 billion of the €6.1 billion current spending package.

4.2 Capital v Current Allocations

Based on the information provided, Vote group allocations have followed the capital ceilings set out in the revised [National Development Plan](#) published in summer 2025. The shift in focus towards delivering greater levels of funding for capital infrastructure is to be welcomed. The rate of change in capital allocations since the end of the bailout period has been significant – though these increases are stemming from massively reduced allocations following the financial crisis.

⁶ [Minister Jack Chambers TD: ‘We will shorten the infrastructure project lifecycle’](#). Eolas Magazine, August 2025

Figure 5: Rate of change (%) in current and capital allocations 2015-2026

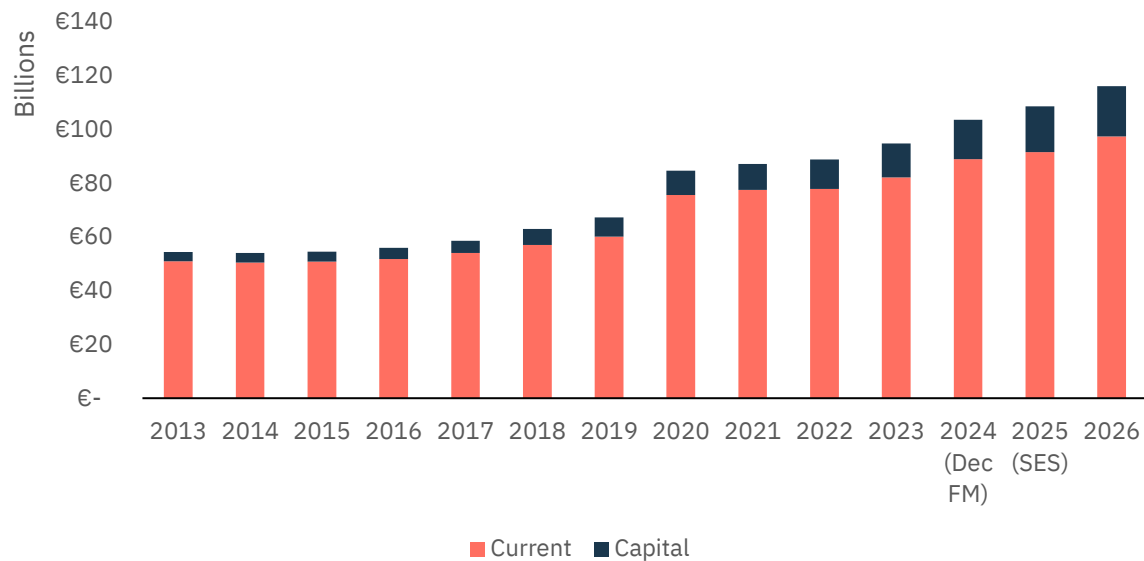
Source: PBO based on the [Revised Estimates Volume for Public Services 2015-2025](#), and [Budget 2026: Expenditure Report](#).

As noted in the [PBO's pre-Budget 2026 commentary](#), the revised NDP did not provide details of the specific projects that would be funded each year. It is noted that the Budget 2026 announcement offered only a partial insight into what projects would be prioritised in the coming year, with strategic plans due to be developed by Department's in the coming months. The PBO would highlight a concern of committing to capital ceilings before prioritising the key strategic goals of each Department.

Despite this increased emphasis on capital spending, the current budget is still almost five times larger in 2026 (see figure 6).

Figure 6: Annual current and capital spending allocations 2013-2026

Spending in 2026 is on track to be more than double the spend in 2015



Source: PBO based on [Revised Estimates Volume for Public Services 2013-2025, Fiscal Monitor December 2024](#), the [Summer Economic Statement 2025](#), and the [Budget 2026: Expenditure Report](#).

Note: Figures for years 2013-2023 are confirmed outturn. Provisional outturn used for 2024. Projected outturn used for 2025. Estimate used for 2026.

4.3 Key Spending Decisions

4.3.1 Housing

The Minister announced €1.93 billion in current funding for housing measures to “meet the social housing needs of over 100,000 households” ⁷. The allocation for 2025 was €1.6 billion, representing an increase of more than €300 million. The total allocation on social housing classified schemes in 2025 was approximately €1.14 million. It is unclear how it will be spent as it would require either an increase in the state’s contribution per tenancy or an increase in overall numbers in current funded accommodation. The Minister’s statement suggests that the increased allocation will also go towards funding accommodation for homeless families and individuals. The PBO would caution against classifying such temporary housing solutions as ‘social housing’.⁸

4.3.2 Arts & Culture

The pilot scheme providing for a universal basic income for artists is due to be retained on a permanent basis starting in 2026. The annual allocation for 2,000 individuals on the scheme so far is approximately €35 million, and without further details of the scale and scope of the new scheme it is not possible to estimate the potential cost. However, it should be noted that the total Arts and Culture budget for 2026 has only increased by €4 million despite this allocation also including capital projects such as the major redevelopment of the Crawford Art Gallery in Cork.

4.3.3 Education

The Education Vote has seen an increased €843 million in Budget 2026 (an increase of €1,147 million over the Budget 2025 announcement) with a significant proportion of these funds being used for the hiring of 1,717 SNAs and 1,042 teachers (including 860 additional needs teachers) across both primary and secondary levels. It is not clear what impact these new roles will have on reducing the pupil-to-teacher ratio to 19-1 as committed to in the programme for

⁷ [Statement by Minister Chambers on Budget 2026](#)

⁸ [Social Housing - ongoing need 2023](#). PBO, August 2024.

government, when the figure for new teachers would only cover the replacement rate of retiring teachers (1,046 retirements at year-end 2024).⁹

4.3.4 Public Transport

The current funding allocation toward public transport is set to increase by €282 million in 2026 (an increase of €288 million when compared to the Budget 2025 announcement). Of this additional expenditure, approximately €172 million will be required to fund the expansion of Public Service Obligation routes as well as the retention of the reduced public transport fares first introduced in 2022.

While the capital budget for transport is set to increase by €338 million to €1,432 million, the Metro Link project was not specifically referenced in any of the Budget Day documents and would not – as this stage – appear to be in receipt of dedicated funding in 2026.

4.3.5 Social Protection

The expansion of social protection measures as well as the increase in rates for many of the schemes is not accurately costed by scheme within the budget day documents. A figure of €1.15 billion - of the budget day announcement of €2 billion - has been provided in the budget documents but this is insufficient to assess the full cost per scheme and the implications this will have on the Social Insurance fund.

⁹ [Teacher Retirement Statistics](#), Department of Education and Youth, July 2025

5. Tax Choices in Budget 2026

The tax package for Budget 2026 is expected to cost €1.3 billion,¹⁰ less than the €1.5 billion package that had been initially announced in the Summer Economic Statement.¹¹ This consists of €434.2 million in revenue raising measures which offset the €1.695 billion in revenue reducing measures. Of these, certain measures will take effect immediately on Budget Day, assuming the Financial Resolutions have passed. Others will be legislated for by the Finance Bill, which should be published later this month.

One of the “revenue raising” measures mentioned by the Department of Finance in the Budget is the changes to carbon tax, i.e. the rate per tonne of carbon dioxide for all propellant fuels on 8th October 2025 and all other fuels on 1st May 2026. These changes were legislated for in Finance Act 2020 and are part of the existing baseline rather than newly introduced measures. Without this, the tax package would be almost €1.4 billion.

It should be noted whenever discussing the size of the tax package, that this is not the full cost of these measures. The Government present this package based on the cost which will occur in 2026. In this way, that would mean that delayed commencement of a scheme, or a measure which is expected to have a slow initial take-up will have a lower first year cost. However, it is important to calculate the full-year cost of these measures to assess their long-run fiscal consequences and the impact on the tax base¹². The PBO’s summary of the full year cost of the tax package, based on the Tax Policy Changes document suggests these would cost €2.289 billion in a full year.

The full list of measures is available [here](#) and in Table 2.

¹⁰ Department of Finance (2025) ‘[Statement by Minister Donohoe on Budget 2026](#)’ 07/10/2025.

¹¹ Government of Ireland (2025) ‘[Summer Economic Statement 2025](#)’ page ix.

¹² Explained here by Barra Roantree, [Nothing ‘prudent’ about a budget that cuts VAT on Big Macs and Michelin-starred meals – The Irish Times](#)

Table 2: First Year Cost / Yield of Tax Measures

Measure	First year Cost/Yield
Extend the Rent Tax Credit to 31 December 2028	-€350
Extend the 9% VAT rate on gas & electricity to 2030	-€254
VAT on new apartments to 9%	-€250
VAT on food & catering & hairdressing to 9% from 1/7/26	-€232
R&D tax credit changes (e.g., increase 30% to 35%)	-€170
Special Assignee Relief Programme changes	-€60
Auto Enrolment Retirement Savings Scheme changes	-€60
USC concession for medical card extension to 2027	-€50
Extend VRT relief for electric vehicles to 2026	-€40
CGT Entrepreneur Relief increased lifetime limit to €1.5m	-€31
Resi. Dev. Stamp Duty Refund Scheme ext. to 2030	-€28
Mortgage interest relief changes	-€25
Stamp Duty exemption for acquisition of shares change	-€24
USC increase 2% rate ceiling by €1,318	-€22
Enhanced cost deduction apartment construction	-€20
Young Trained Farmer Relief Stamp Duty ext. to 2029	-€20
Decrease the rate of Life Assurance Exit tax from 41% to 38%	-€13
Extend relief micro-generation of electricity to 2028	-€10
Extend ACA scheme for Energy Efficient Equipment to 2030	-€9
ACA ext. Slurry Storage to 2029	-€6
Foreign Earnings Deduction changes	-€5
Decrease Investment Undertaking Tax from 41% to 38%	-€4
Extend the Key Employee Engagement Programme to 2028	-€4
Digital Games Tax Credit changes	-€4
Decrease tax on equiv. offshore funds from 41% to 38%	-€2
Cost Rental Income CT exemption	-€2
Extend Farm Consolidation Relief for Stamp Duty to 2029	-€2
Enhance the Film Tax Credit for Visual Effects works	-€1
Farm Restructuring Relief for CGT ext. to 2029	-€1

Uilleann pipes and Irish harps relief changes	-€1
Extend income tax relief for retrofitting by landlords to 2028	-€1
ACA on Gas & Hydrogen Vehicles & Refuelling eqm. ext.	-€0
Decrease tax on foreign life assurance from 41% to 38%	-€0
€0.50 on pack 20 cigarettes	€2
Revenue's improved compliance	€50
Decrease the flat rate comp. for farmers to 4.5%	€62
Carbon Tax increase	€121
Bank Levy	€200
Extend and expand the Living City Initiative to 31 December 2030	Not Available
Amend RZLT to provide a further opportunity for landowners to request a change in zoning of land	Not Available
Introduce enhancements to provide a simplified method of double tax relief	Not Available
Extend BIK relief of €10,000 applied to Original Market Value deduction for certain categories of vehicles on a tapered basis until 31 December 2028	Not Available
Introduce new A1 vehicle category for zero emission cars with reduced BIK rates of 6-15%, depending on business mileage	Not Available

Source: Department of Finance (2025) '[Budget 2026 - Tax Policy Changes](#)' p1-3.

The PBO has highlighted certain measures below.

5.1 R&D Tax Credit

The corporation tax (CT) system in Ireland is designed to have a low rate across a broad base, with limited incentives or reliefs.¹³ The largest CT relief in Ireland is the Research & Development tax credit, which had a cost of €1.407 billion in 2023, arising in respect of 1,804 claimant companies.^{14,15} Of those, SMEs claimed 20.6% of that cost, with 1,579 firms. Large firms (over 250 staff) get a greater proportion of the claims from the incentive, with 225 firms claiming €1.1 billion. Based on the number of claimants, the largest sector using the scheme in 2023 (the most recent

¹³ Department of Finance (2025) '[Ministerial Brief - January 2025](#)' p86.

¹⁴ Revenue (2025) '[R&D Tax Credit Statistics](#)'.

¹⁵ For further information see Revenue (2025) '[R&D Tax Credit Tax and Duty Manual](#)'.

data available) was Information and Communication (646 firms), followed by Manufacturing (461 firms) and Professional, Scientific & Technical Activities (334 firms).¹⁶ Revenue statistics show that just 10% of the credit claimed in 2023 was attributable to companies with less than 50 employees, despite these firms making up more than 98% of Irish businesses.^{17,18}

In addition, there is little evidence to date that suggest the scheme is effective in encouraging R&D in younger firms to avail of the tax credit.¹⁹

While a review was announced in 2025, and a public consultation followed, this has not yet been made public. Regardless, there have been a number of proposals to change this credit. These will be considered in the Finance Bill, but are summarised as follows:

- An increase in the rate of the credit from 30% to 35%
- An increase in the first-year payment threshold which is intended to support smaller R&D projects
- And a change in how qualifying costs of an R&D employee are treated.

The estimated cost of these changes according to the Department of Finance is €169.9 million in the first year, and €305.9 million in a full year.

5.2 VAT Changes

Three major changes were made to the VAT system in Budget 2026 in relation to (i) Food & Catering & Hairdressing, (ii) New Apartments, and (iii) Gas & Electricity.

5.2.1 VAT on Food & Catering & Hairdressing

The reduced rate of 9% has previously applied on a temporary basis to the hospitality and tourism sectors from 1 November 2020 to 31 August 2023, and then returned to 13.5%. It was estimated to cost over €1.3 billion.²⁰ The hospitality

¹⁶ [Research and Development Tax Credit statistics](#)

¹⁷ Revenue (2025) '[Research & Development \("R&D"\) Tax Credit Statistics](#)' p12.

¹⁸ DETE (2024) '[Public Consultation on the R&D Tax Credit and on Options to Support Innovation](#)' p3.

¹⁹ DETE (2024) '[Public Consultation on the R&D Tax Credit and on Options to Support Innovation](#)' p3.

²⁰ Ibid, pg 11.

sector has been seeking a reinstatement of the 9% VAT rate.^{21,22,23,24} The main argument advanced for this has been that economic uncertainty has created the need for additional supports for businesses in this sector arising from issues such as changes to sick pay, high inflation and pension auto-enrolment for employees.²⁵ While it is possible to change the VAT rate for hospitality or accommodation separately, this has risks for practical operational concerns e.g. for hotels, they would need to apportion accommodation and meals separately. It would affect the principle of fiscal neutrality which requires universal application within the same sector. It may also increase the risk of avoidance and manipulation of the VAT system.

The most frequently changed VAT rate in recent years has been the rate applying to the hospitality and tourism industry. Four changes have occurred since 2011. As of 2023, this sector accounted for approximately 2.2% of national income and 6.7% of employment, and between 11% to 15% of household consumption.²⁶ The rationale behind the previous reductions was to reduce consumer prices, increase consumer demand and thereby stimulate employment in the sector.²⁷

The extent to which a VAT rate increase affects consumer prices depends on the level of 'pass-through' i.e., the proportion of the tax change that is passed on rather than absorbed by businesses. Pass-through rates are typically larger for VAT rate increases than for VAT rate cuts.²⁸

Therefore, the recently announced reduction of the VAT rate on food, catering and hairdressing may primarily benefit businesses rather than significantly lowering consumer prices, depending on pass-through rates. In addition, the VAT rate reduction may contribute to businesses increasing prices less rapidly or allow a

²¹ [VAT 9 - Restaurants Association of Ireland](#)

²² [Why Ireland's 9% Vat rate is crucial for the survival of restaurants and cafés](#)

²³ [Hoteliers Push Back against Misleading Claims about Cost of 9% VAT Reduction | Hotelnews.ie](#)

²⁴ RTE, [ICTU calls proposed VAT cut 'economic vandalism'](#)

²⁵ Tax Strategy Group 2025 [Value-Added Tax - Tax Strategy Group 25/08](#)

²⁶ Carroll (2025) ['VAT rate changes and pass-through: Evidence from the Irish hospitality and tourism industry'](#). Irish Fiscal Advisory Council, p4.

²⁷ PBO (2023) ['Hospitality and Tourism: Analysing the Rationale for Reduced VAT'](#) p27.

²⁸ Carroll (2025) ['VAT rate changes and pass-through: Evidence from the Irish hospitality and tourism industry'](#). Irish Fiscal Advisory Council, p24.

business to remain financially viable which was previously struggling, therefore providing jobs.

5.2.2 VAT on New Apartments

The VAT rate applied to the construction of new apartments will be reduced from 13.5% to 9% until the end of 2030.²⁹ In the Tax Strategy Group paper on VAT³⁰, the Department of Finance note that the VAT directive now allows a reduced rate of tax on housing as part of a social policy and to the repair and renovation of residential housing. In that paper, the Department considered that "a challenge in implementing a reduced rate of 9% would be to define "social policy" in such a way that enables this lower rate to be applied. Great care would be needed in designing such a policy to prevent inappropriate exploitation of such a measure by the construction sector. For instance, the question would have to be considered as to what extent would new housing builds fall into houses built for social policy purposes. Arguably a case can be made for all such new housing to come within social policy and thus subject to the lower VAT rate. In the alternative, a very narrow definition of social policy for housing purposes could also be put in place."³¹

The Financial Resolution on this measure commencing this rate from Budget day defined this as "The supply of housing, as part of a social policy, being the supply of an apartment, used or to be used for residential purposes, in an apartment block within the meaning of section 31E of the Stamp Duties Consolidation Act 1999."³²

The Department also noted that this means there would be different VAT rates applying to different parts of construction services, i.e. 9% for new apartments and 13.5% for other housing and for non-residential construction. Revenue had indicated that this differentiated approach would be difficult to administer and could lead to accidental or fraudulent underpayments of VAT, where an underpayment of VAT may arise, for example, in the construction of an apartment block. The apartment block may, for instance, initially be purely residential in order

²⁹ Department of Finance (2025) '[Budget 2026 - Tax Policy Changes](#)' p6.

³⁰ [TSG 25-08 VAT.pdf](#)

³¹ [TSG 25-08 VAT.pdf](#) page 14

³² [Budget 2026: Financial resolutions](#)

to avail of a reduced rate of 9%, and then subsequently become a mixed-use block with a commercial/retail element on the ground floor. Revenue believe that administering and monitoring the measure would be difficult and could result in fraudulent behaviour.³³

Finally, the Department highlighted that “there is no obligation for a builder to pass on any VAT reduction. It also important to be aware that any subsequent return to a 13.5% VAT rate could lead to price increases being passed to consumers as firms would seek to preserve their gains from the temporary reduction.”³⁴

The PBO would note that as this commences on Budget day, apartments that have already been built but not sold will qualify for 9%, which will have a cost but will have no effect on supply.

5.2.3 VAT on Gas and Electricity

The reduced VAT rate of 9% on gas and electricity bills was due to expire on 1 November 2025. In Budget 2026 the measure has been extended until 31 December 2030.³⁵

5.3 Income Tax Package

Fiscal drag, also known as bracket creep, is a phenomenon whereby government income from personal income taxes increases without any change in tax rates. This occurs when wages rise over time due to inflation, pushing individuals into higher tax brackets. As a result, a larger portion of their income is taxed at higher rates, even though the tax structure itself remains unchanged.

For example, if Ireland were to leave its personal income tax thresholds unchanged in 2026, it is estimated that the government would collect an additional €1.1 billion in revenue purely due to wage growth.³⁶ On the one hand, this policy is countercyclical and increases government revenue. On the other hand, households

³³ Ibid, page 14

³⁴ Ibid, page 14

³⁵ Department of Finance (2025) '[Budget 2026 - Tax Policy Changes](#)' p5.

³⁶ Department of Finance (2025) '[Annual Progress Report](#)' p.24.

end up paying more in taxes than they would if the tax system were adjusted to account for inflation.

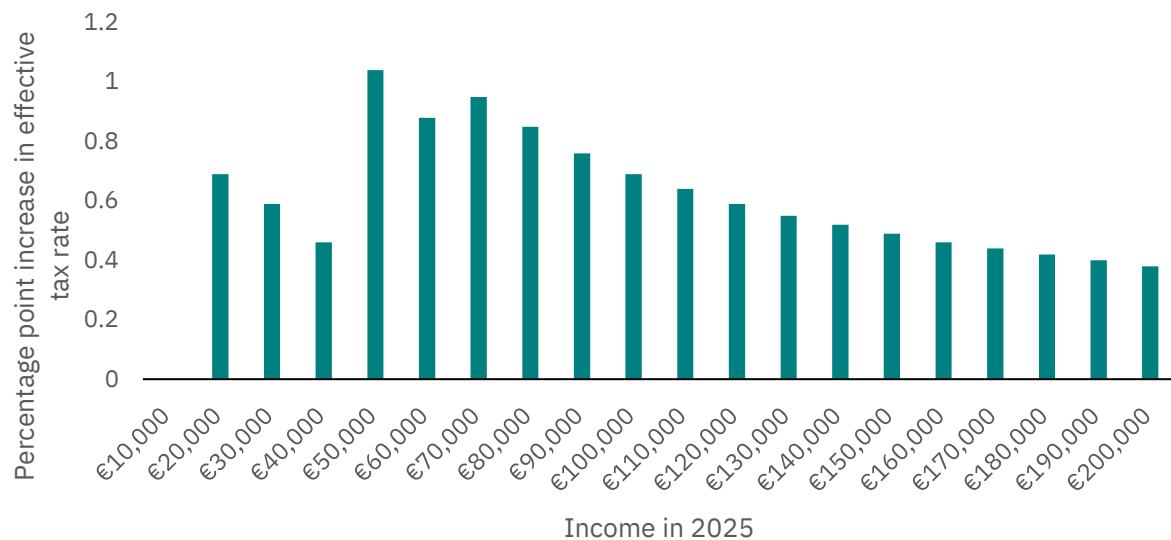
In countries that implement indexation (i.e., the adjustment process whereby income thresholds are updated for each tax bracket in line with inflation or wage growth), taxpayers are protected from being unintentionally pushed into higher tax brackets when their nominal income has increased. Ireland, however, does not currently apply automatic indexation to its personal income tax system.

Budget 2026 introduced minor adjustments to Universal Social Charge (USC) thresholds. No changes were made to the PAYE income tax rates or thresholds. In the context of strong wage growth, this means that a greater portion of taxpayers' income will be taxed at higher rates, leading to an increase in effective tax rates (i.e., the share of total income paid in tax) even though the non-USC personal tax rates remain unchanged.

Figure 7 illustrates this effect by showing how effective tax rates are expected to rise across different income levels in 2026, assuming wages grow in line with the national average. Figure 8 complements this by translating the change into monetary terms. For example, wages are forecast to grow by 3.9% in 2026,³⁷ this means a person earning €50,000 in 2025 would see their income rise by approximately €1,950 in 2026. However, their effective tax rate would increase by 1 percentage point, resulting in an additional €964 in tax compared to a fully indexed system. For someone earning €100,000, the effective tax rate would rise by 0.7 percentage points, leading to an extra €2136 in tax payments. These figures highlight how, in the absence of indexation, wage growth and inflation can lead to higher tax burdens for households even when tax rates or tax band thresholds remain unchanged.

³⁷ Department of Finance (2025) '[Economic and Fiscal Outlook](#)'.

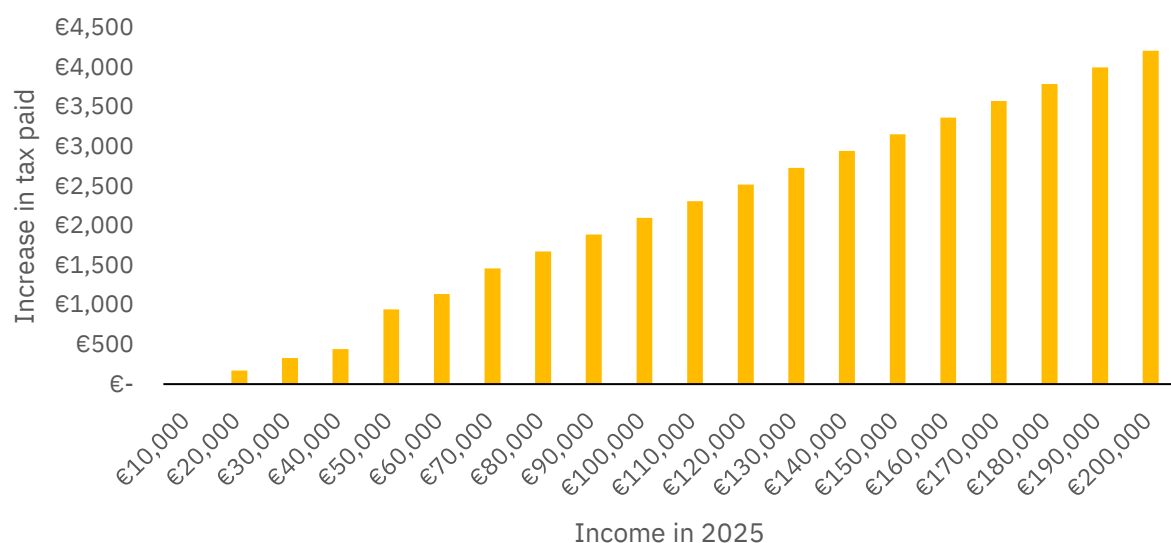
Figure 7: Impact of Wage Growth on Effective Tax Rate in 2026 for different incomes



Source: PBO calculations for a single individuals income. Wages assumed to grow by 3.9% in 2026, in line with forecasts provided in the [Economic and Fiscal Outlook](#).

The decision to make limited changes to income tax, PRSI and USC in Budget 2026 will result in increased revenue for the Exchequer. Taken in isolation, this can be viewed as a form of countercyclical fiscal policy (i.e., a measure that helps cool demand in an economy that may be at risk of overheating). By allowing fiscal drag to occur, the government effectively withdraws purchasing power from households, which can help moderate inflationary pressures.

Figure 8: Increase in income tax paid at various income levels due to wage growth



Source: PBO calculations for a single individuals income. Wages assumed to grow by 3.9% in 2026, in line with forecasts provided in the [Economic and Fiscal Outlook](#).

If this approach continues over time, it will also broaden the tax base, as rising wages and inflation bring more individuals into the tax net and push existing taxpayers into higher tax brackets. However, the fiscal impact of this strategy can be diluted when implemented alongside other tax-reducing measures (e.g., cuts to VAT) which stimulate demand and offset the dampening effect of fiscal drag.

Moreover, relying on wage-driven increases in income tax revenue heightens the Exchequer's dependence on personal income tax as a primary source of funding. This can introduce vulnerabilities, particularly if wage growth slows or employment levels decline.

5.4 Housing Incentives

This Budget announced a number of measures affecting the housing market, including the extension of the rent tax credit, the extension of the mortgage interest tax relief, a reduction of VAT on new apartments, a corporation tax exemption for cost rental income, a corporation tax deduction for apartment construction costs, an extension and expansion of the Living City Initiative, an extension of the residential development stamp duty refund scheme, an extension of the income tax relief for retrofitting by landlords, and changes to the residential zone land tax. The total quantum of those changes is €675.6 million in the first year, and €937 million in a full year.

This is a large amount of stimulus added to the housing market, on top of the tax measures already in place and the direct expenditure in the housing market through both voted expenditure (over €5 billion in 2026) and in addition to investment by the Land Development Agency and Approved Housing Bodies. Other large tax incentives affecting the housing market include Help to Buy (most recent cost was €225 million in 2024) and there is a further relief called the Residential Premises Rental Income Relief (RPRIR) introduced last year, which has an estimated full year cost of €160m. There is currently a lack of data on RPRIR. The rent a room scheme (€42 million in 2023) and CGT relief on certain disposals of land or buildings (section 604A) (€76 million in 2023) also have impacts on the housing market.

The PBO is not aware of any analysis which considers how these different measures interact with the housing market, and whether any of these have been effective, counter-productive or created unintended consequences. The PBO suggests that there should have been careful analysis on the economic impacts of these measures before introduction, to help assess their effectiveness and potential unintended consequences.

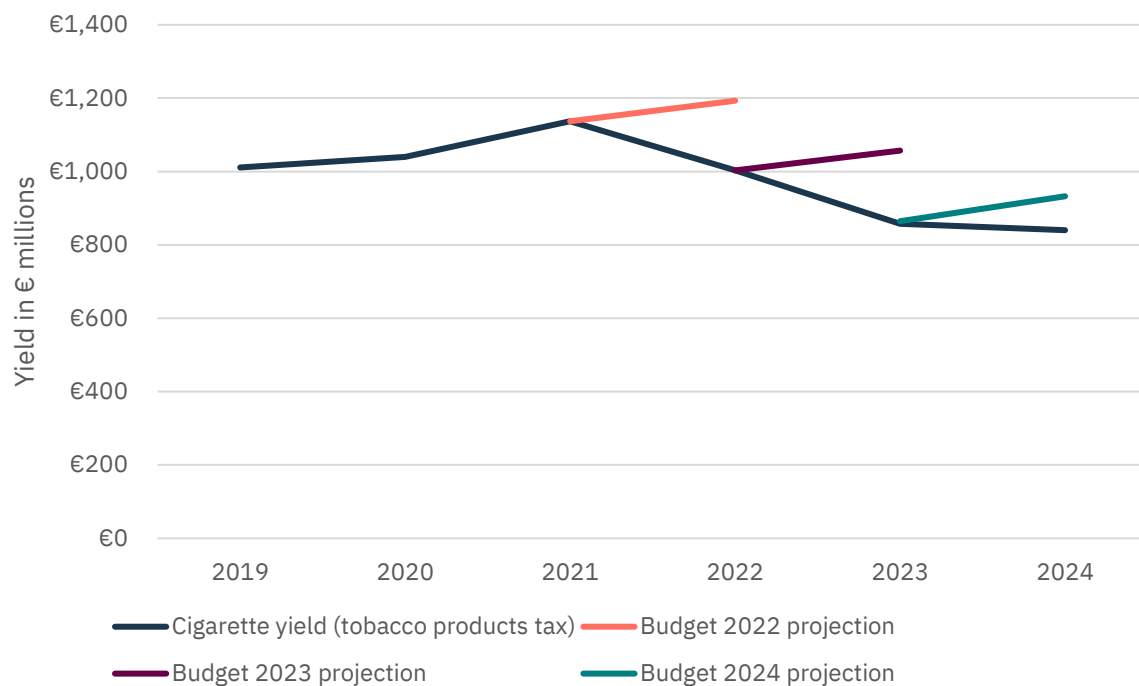
The PBO would also note that the impact of a number of changes to housing incentives could potentially mean that construction projects are delayed as this changes the financial decisions made by developers. For example, there are further changes to the derelict site levy which is now replaced by the new derelict property

tax. Uncertainty reduces construction activity.³⁸ It is hard to consider the behavioural impact of measures when they are amended so regularly, creating uncertainty.

5.5 Tobacco Excise

In Budget 2026 the Excise Duty on pack of 20 cigarettes was increased by €0.50. This is expected to raise a full-year yield of €36.9 million.³⁹ However, it should be noted that since 2021 there has been a steady decline in the tobacco products tax yield. As shown in Figure 9 below, recent increases in the excise duty on cigarettes have not led to increased levels of revenue.⁴⁰

Figure 9: Cigarette excise yield vs projections



Source: PBO analysis based on Department of Finance forecasts published in annual budget day documentation

³⁸ Mayo & Sheppard (2001) 'Housing Supply and the Effects of Stochastic Development Control'

³⁹ Department of Finance (2025) '[Budget 2026 - Tax Policy Changes](#)' p3.

⁴⁰ Department of Finance (2025) '[General Excise Tax Strategy Group - 25/09](#)' p20.

5.6 Digital Games Tax Credit

The Digital Games Tax Credit is being extended until the end of 2031. The scope of the credit has been expanded to allow for claims in respect of post-release content work.⁴¹

For further information on the Digital Games Tax Credit, see pages 93 to 96 of the PBO's [Pre-Budget 2026](#) commentary document.

⁴¹ Department of Finance (2025) '[Budget 2026 - Tax Policy Changes](#)' p8-9.

6. Budget Policy: A Weak Evidence Base

Informed policy-making involves the production of research and the accumulation of evidence to support decision-making. Politicians are required to weigh various considerations when determining what policies to pursue, it is therefore important that they be supported in this process by being provided evidence and research.

6.1 Tax Expenditure Reviews

Of the eleven tax expenditure reviews due to be published, ten had been published at the time of Budget 2026. Six were published alongside the tax strategy group papers with the remaining four being published alongside Budget 2026,⁴² these reviews fall short of best practice. As noted in the [Tax Expenditures in Ireland 2025 Report](#), all tax expenditure reviews were to be published alongside the tax strategy group papers or, alternatively, alongside Budget 2026.⁴³ The PBO notes the absence of the 2025 Evaluation of the Research and Development (R&D) Tax Credit report on the day of Budget 2026. Of the reviews published, only one (Review of the Special Assignee Relief Programme) included a cost-benefit analysis (CBA). Meaning the Rent Tax Credit review which exceeds expenditure of €100 million does not meet the revised guidelines that the Department of Finance set for itself. These guidelines state that revenue-raising measures should be underpinned by robust evidence and cost-benefit analyses (CBAs) are expected for Level 3 tax expenditure schemes, which is defined as those costing over €100 million annually.⁴⁴

6.2 Example of evidence-based decision making - Basic Income for the Arts scheme (BIA)

The decision by the Government to make the Basic Income for the Arts (BIA) Pilot Scheme permanent represents a notable example of evidence-based policymaking informed by robust programme evaluation. Introduced in 2022 by the Department of Culture, Communications and Sport,⁴⁵ the scheme was designed to address

⁴² Department of Finance, [Income Tax - Tax Strategy Group - 25/01](#) (July 2025) p. 55 – 105.

⁴³ Department of Finance, [Tax Expenditures in Ireland 2025 Report](#) (July 2025) p.21.

⁴⁴ Department of Finance, [Tax Expenditures Evaluation – Updated Guidelines](#) (October 2024) p.16.

⁴⁵ Then known as the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media.

income volatility among artists and creative professionals by providing a stable weekly payment of €325. This payment is taxable and treated as self-employment income.⁴⁶

A total of 2,000 participants were selected at random from over 9,000 eligible applicants, ensuring a representative sample across artistic disciplines. The pilot was initially scheduled to run for three years (2022–2025) but has since been extended to February 2026 to facilitate further analysis and stakeholder engagement.

Evaluation findings from the analysis commissioned from an external body (alma economics) found the pilot indicate significant positive outcomes, including increased time spent on creative work, improved mental health, and enhanced career sustainability.⁴⁷ A cost-benefit analysis conducted as part of the research programme estimated a societal return of €1.39 for every €1 of public investment, with cumulative benefits exceeding €100 million over the pilot period.⁴⁸

In Budget 2026, the Government announced its intention to establish the scheme on a permanent basis, with a new application window scheduled for September 2026. Future iterations are expected to expand eligibility criteria to include a broader range of artistic practices.⁴⁹

The BIA scheme demonstrates how pilot programmes, when coupled with rigorous evaluation, can inform effective and targeted policy interventions that deliver measurable social and economic value.

6.3 Absence of Spending Reviews or Value For Money analysis

The absence of any Spending Review papers to date in 2025 could weaken the credibility of the process within the annual Budget. These papers should clearly feed into the evaluation of current spending, policy design, and the decision-making

⁴⁶ Citizens Information, [Basic Income for the Arts \(BIA\)](#) (Accessed 7th October 2025).

⁴⁷ Department of Culture, Communications and Sport, [Cost-benefit analysis for the Basic Income for the Arts](#) (September 2025).

⁴⁸ Department of Culture, Communications and Sport, [Basic Income for the Arts pilot produced over €100 million in Social and Economic Benefits](#) (September 2025).

⁴⁹ RTE, [Budget 2026: Basic Income for Artists Scheme to become permanent](#) (October 2025).

process. The Spending Review was originally introduced in the aftermath of the financial crisis to improve the management of public expenditure.⁵⁰ The PBO believes the Spending Review is important to facilitate Parliamentary scrutiny and provide policy insights at all stages of the policy process. Their continued absence and the lack of update on their “review” undermines the transparency and accountability of the Budget process. The Parliamentary Budget Office has previously recommended that an indicative list of forthcoming Spending Review papers be published early each year to support timely and informed scrutiny.⁵¹ Publishing these papers well in advance of Budget decisions is essential to allow Members sufficient time to engage with the analysis, contribute to the policy debate, and ensure that decisions are informed by robust evidence. A clear and predictable pipeline of research is necessary to support engagement and improve the quality of fiscal decision-making.

While there can be a lack of transparency about the research that is conducted within Departments, it is important to recognise that there is a substantial amount of research publicly available to support Government and to provide an evidence base for policy-making. This includes through internal expertise, such as IGEES network members within Departments, as well as through expert bodies such as the ESRI, Central Bank and others, and the Government can also seek the consensus of experts through various commissions, such as the Pensions Commission.

However, the availability of research does not guarantee its application. Policy-making can involve the making of ‘hard choices’. Research will often point out that making such decisions sooner, rather than later, can be beneficial. For example, the Pensions Commission recommended an incremental increase to State Pension Age.⁵² Despite the Commission noting that increases to the State Pension age “generates savings which improves the fiscal sustainability of the State Pension”⁵³

⁵⁰ PBO, [The Irish Spending Review: Suggestions from International Experiences](#) (2019) p.2.

⁵¹ PBO, [The future of the Government’s Spending Review: A parliamentary scrutiny perspective](#) (September 2019) p.3.

⁵² The Pension Commission, Report of the Commission on Pensions (2021) p.139.

⁵³ The Pension Commission, Report of the Commission on Pensions (2021) p.133.

there are currently no stated plans to enact such changes. Deferring difficult policy decisions runs the risk that later adjustments will be more severe.

6.4 Information on Budgetary Costings

The PBO notes a lack of published costing analyses and methodological documentation outlining how cost estimates in the Budget are derived. Robust and transparent estimations are essential to enable both Government and Members to accurately assess the impact of policies on public finances.

Budget 2026 includes expenditure allocations, policy costs, and tax expenditures. The figures being presented should be underpinned by a strong evidence base driven by well-informed assumptions and best possible data available. Such an approach ensures sensible budgeting and promotes fiscal sustainability. Without clear documentation, Members cannot determine what assumptions were made, the level of analytical rigor applied, or the quality of data behind the estimates. This significantly limits effective scrutiny.

For example, in staff costings, the PBO has observed substantial variation in the methodological approach and assumptions across Departments. This is understandable: some Departments have access to internal payroll data, while others rely on frameworks such as Public Spending Code. Publishing methodological details, assumptions and data sources would make these differences transparent and easier to evaluate.

The absence of costing documentation also prevents Members from assessing risks related to deviations between estimated and actual costs. Policy costings inherently involve uncertainty, and without published analysis, Members cannot identify which measures carry greater risk. The PBO's annual post-Budget report evaluates such uncertainty to enhance scrutiny.⁵⁴ However, the PBO encourages the Government to publish their own costing analyses and an assessment of key uncertainties alongside the Budget.

⁵⁴ For the Uncertainty Scorecard on last year's Budget costings see Parliamentary Budget Office, [Assessing the Uncertainty of Budget 2025 Costings: A Scorecard Approach](#), 2025.

The PBO therefore recommends the Government to:

- Publish a consolidated document of all costing analyses underpinning Budget figures at the time of the Budget.⁵⁵
- Include an explicit assessment of uncertainty for each estimate.
- Increase focus on multi-annual costing frameworks to provide insights into the evolution of costs and assess long-term fiscal sustainability—particularly for policy changes with enduring effects.

An example of an area where increased analysis and assumptions would be useful is the cost of the VAT reduction for food, catering and hairdressing. The Tax Policy Changes document lists the full year cost of this measure at €681 million, but as it is commencing on 1 July 2026, the first-year cost is listed as €232 million. It would be useful if a detailed costing analysis were provided so that it was clear why the cost in 2026 has been calculated in this way, for example explaining the expected monthly distribution of VAT on this sector.

This year's Budget does not provide a detailed breakdown of the cost of individual expenditure policies. In contrast to the tax policy changes, where first- and full year costs has been provided for each policy change, the Expenditure Report is predominantly focused around presenting aggregated allocations across broader policy areas or programmes. As a result, Members are limited in their ability to assess the cost of individual spending policies.

⁵⁵ See example from the UK Government: HM Treasury, [Spring Statement: Policy Costings](#), 2025.

6.5 Existing Levels of Service (ELS)

6.5.1 The Importance of ELS Estimates in the Budget Process

Key drivers of public expenditure increases include demographic factors such as an ageing population as well as non-demographic factors such as price pressures.⁵⁶

The estimated additional funding required to maintain current levels of public services into the future accounting for these drivers, is commonly referred to as ‘Existing Level of Service’ (ELS). ELS spending accounts only for the maintenance of current service levels, accounting for demographic change and price pressures. It does not account for any improvement in the level of service. Furthermore, ELS estimates assume no policy changes.

Estimating ELS expenditure helps to identify the fiscal space available for new measures within existing spending limits, as well as the sustainability of ELS spending over the medium to long-term. It is important that ELS provisions are arrived at in a transparent, and evidence-based manner to enable Members of the Houses of the Oireachtas to fulfil their role in approving and providing oversight of the State’s finances. It also enables the Committee on Budgetary Oversight to conduct scrutiny of budgetary matters.

6.5.2 Parliamentary Budget Office ELS Estimates

The Parliamentary Budget Office carried out analysis to estimate [Existing Level of Service Costs for Budget 2026](#). The results show that to maintain current levels of service, €1.5bn alone is required to keep pace with changing demographics in 2026. As Ireland’s population continues to age in the years ahead, this estimate is expected to increase substantially. Ireland’s ageing population must be taken into account in each Budget to underpin medium- and long-term planning for the public finances.

⁵⁶ Ulla, P., (2006) “[Assessing Fiscal Risks Through Long-term Budget Projections](#)” OECD Journal on Budgeting.

Table 3: PBO Estimated Increase Required to Maintain Existing Levels of Service 2026

Component	Price (€ millions)
Demographics	€1,499.8
Pay Deal	€806.4
Prices	€791.8
ELS on Increased Expenditure in 2025	€34.3
Total	€3,132.3

Source: PBO calculations using DSP data, CSO Population Estimates and Projections, Department of Finance APR 2025 forecast for HICP. For Health, required demographic estimates come from Lindberg and McCarthy (2021). 2025 expenditure base comes from Revised Estimates for the Public Services 2025.

6.5.3 ELS Estimates in Expenditure Report for Budget 2026

The PBO's [Pre-Budget 2026](#) report highlighted the lack of clarity and inconsistency in the Government's approach to reporting ELS provisions in the Budget. The Expenditure Report for Budget 2026 marks a departure from Government's previous approach. There is now no separation between the allocation given for new measures and funding required to maintain ELS, with the exception of the pay deal impact and carry over costs.⁵⁷ Instead, there is:

- An estimate for increased recipients of public services particularly in the area of social protection.
- An 'Other' category reflecting "costs associated with the ongoing running of existing policies, recruitment of additional staff".⁵⁸
- A further category of 'key policy adjustments and expansion of services' is stated to reflect "expenditure for broadening the availability of supports, expansion of eligibility for schemes, extension of policies or introduction of new supports to deliver enhanced services for citizens"⁵⁹.

⁵⁷ 'Carry over' refers to the rollover costs of measures implemented in the previous year's budget decisions into the following year. This is due to the fact that the full costs of these new measures may roll into the following year in the Estimates process if a scheme or policy change is only due to start after January in the year first introduced.

⁵⁸ [Budget 2026: Expenditure Report](#) (7 October 2025) p.12.

⁵⁹ [Budget 2026: Expenditure Report](#) (7 October 2025) p.12.

Therefore, it is not possible to assess the degree to which these categories of ‘Other’ and ‘key policy adjustments and expansion of services’ comprise funding for new measures or fund the increases required to maintain current levels of service. Without access to this information, it is not possible to assess whether the Government’s approach provides an appropriate level of funding for ELS.

For example, if ELS is underestimated for a Department, it would mean that funding is insufficient to fund any new measures proposed without reducing existing commitments or, in effect, underestimating ELS means that either the promised levels of service cannot be delivered, or that additional funding will be required to supplement the budget package. Furthermore, estimating ELS enables Government to better determine which areas will be required to generate increased productivity/savings to improve long term fiscal sustainability, while at the same time providing the adequate space for new policy measures.

While previous PBO recommendations highlighted the need for improved transparency behind the evidence base used to provide ELS estimates in Budget documentation, the lack of ELS estimates in Budget Expenditure Report 2026 is considered a backward step by the PBO for five reasons:

- It does not support an evidence-based policy approach which should be at the heart of policy analysis and development.
- It does not indicate the space available for new measures being undertaken.
- It makes Budget scrutiny more difficult for members of the Houses of the Oireachtas or the public in general.
- The lack of consistency in reporting ELS makes year on year analysis difficult.
- It does not enable medium- and long-term planning with on the trajectory of public expenditure and considerations around the sustainability of the public finances.

The PBO reiterates its recommendations made in its [Pre-Budget 2026](#), and now makes an additional recommendation of reintroducing ELS estimates, particularly in the area of demographics. The PBO recommends:

- Reintroducing ELS estimates in Budget documentation to provide clarity on the available space for new measures.
- The publication of a comprehensive official methodology for estimating required increases in ELS components across Departments covering the short, medium, and long-term.
- The integration of such transparent evidence-based ELS estimates into the annual budget process. While the PBO acknowledges the role of departmental negotiations in the allocation of funds across votes, ELS figures should ideally be informed by a transparent evidence base.
- The consistent presentation of ELS estimates, with clear breakdowns of components in the Budget Expenditure Reports. These provisions could reference the methodology document.
- Comparing these long-term expenditure projections with long-term revenue projections in order to assess the long-term fiscal sustainability of the Public Finances.

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