



IFA

# Budget 2026 Report

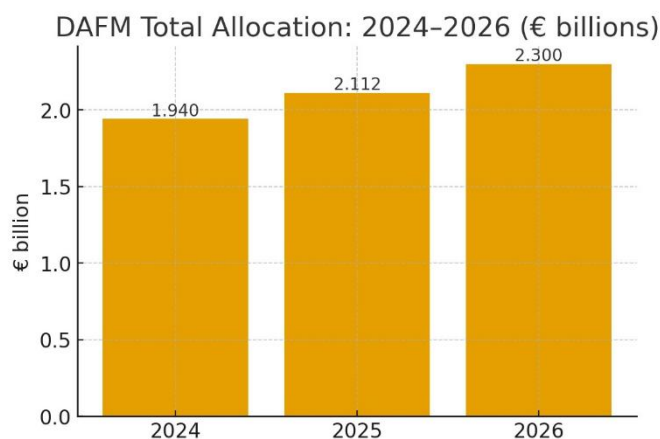
7th October 2025

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## 1. DAFM Budget

The DAFM Budget allocation increased from €2.11bn in 2025 to €2.302bn in 2026, comprising a €335m Capital Programme and €1.967bn Current Expenditure package. While representing a 9% increase, the total allocation to DAFM has fallen below 2% of total Government spending.



## Agricultural Taxation

### Accelerated Capital Allowances

- Accelerated Capital Allowances Scheme for Slurry Storage extended to 31 December 2029. The measure allows for the capital expenditure for slurry storage buildings and associated equipment to be written off at 50% per annum over two years as opposed to seven years for farm buildings and eight years for plant / machinery.
- Accelerated Capital Allowances for Energy Efficient Equipment (100% capital expenditure write off in year one) has been extended to 31 December 2030.

### Farm Restructuring Relief

- The Capital Gains Tax Relief for Farm Restructuring has been extended to 31 December 2029. Subject to Commission approval, relief will also be broadened to cover land under commercial forestry as well as non-commercial woodland / forestry.

### Farm Consolidation Relief

- The Farm Consolidation Relief (1% rate of Stamp Duty charged on the net difference between the value of land sold and land acquired as part of a Teagasc certified farm consolidation) is being extended to 31 December 2029. Commercial forestry which is already within scope is being broadened to cover non-commercial woodland/forestry. Subject to Commission approval.

### Young Trained Farmer Relief

- The Young Trained Farmer Relief for Stamp Duty, which allows for 0% stamp duty on the transfer of farmland, and vital for Generational Renewal, has been extended to 31 December 2029. Subject to Commission approval.



**Agricultural Relief** – Agricultural Relief will remain available on the current terms to farm families to facilitate succession and the intergenerational transfer of farms.

### **Residential Zoned Land Tax (RZLT)**

- A further opportunity is being provided for RZLT impacted landowners to make a submission to Local Authorities requesting a change in zoning of land, and, in certain circumstances, being exempted from RZLT for 2026 on foot of such submissions. Further detail will be included in Finance Bill 2025.

### **VAT Flat Rate Refund**

- From January 1<sup>st</sup> 2026 the VAT Flat Rate refund will decrease from 5.1% to 4.5% for non-registered farmers. This increase is based on macro-economic data received from the CSO and the Revenue Commissioners for the period 2023-2025 in accordance with criteria set down in the EU VAT Directive. Estimated annual cost of €61.5m to farmers.

## **2. Farm Schemes**

While some specific details remain unclear, some of the key features of the Budget include:

- €50m support for Tillage Sector (with coverage/scope post stakeholder consultation), to include Straw Incorporation Measure and Protein-Aid scheme.
- Including CAP co-financed supports, overall allocation for the various livestock schemes maintained at €131m in 2026 – distribution per individual scheme to be clarified. €20m allocated to National Sheep Welfare Scheme marks €2m cut on 2025 levels.
- TAMS: €88m allocated.
- ACRES: +€20m to €280m.
- Organics: €58.6m allocated – back €8.4m vs. 2025.
- KT Scheme: €8.25m. Payments to issue March 2026.
- Forestry: €93m allocated (+5.7% vs. 2025) to include reconstitution scheme.
- Farm Safety Scheme: €3m (+0.5m)
- Clarification needed re expenditure allocations for the Red Clover Silage Scheme and the Multi-Species Sward measures (documents say both will be 'evaluated for effectiveness' in 2026); the Soil Sampling Schemes; and additional allocations towards the Long-Established Young Farmer (Forgotten Farmer) Scheme.

### **Bovine TB**

- More than double (+€85m) allocated toward implementation of TB Action Plan (now over €157m).
- Fund to support wide range of measures including additional targeted testing; additional resources for Wildlife Programme and supporting on-farm biosecurity (direct on-farm support & increased engagement between farmers and their private veterinary practitioners through Targeted Advisory Service on Animal Health (TASAH)).
- Correcting the ceiling valuations of OFMV scheme & Wildlife Programme must be priority.

## **3. Fishing and Seafood**

- Funding announced of €157.7million to support the seafood sector in Budget 2026, a reduction from last year's total allocation of €177m. IFA will seek clarification from DAFM on this funding reduction.

## 4. General Taxation measures

### 4.1 **Income Tax** - No change to Income Tax rates, bands or credits

### 4.2 **Universal Social Charge (USC)**

- Increase 2% rate ceiling by €1,318 (€27,282 to €28,700)
- USC concession for medical card holders to 31 Dec 2027
- Incomes less than €13,000 are exempt from USC. Otherwise, the following USC rates will apply from 1 January 2025:
  - €0 – €12,012 @ 0.5%
  - €12,013 - €28,700 @ 2%
  - €27,383 - €70,444 @ 3%
  - €70,445+ @ 8%
  - Self-employed income over €100,000: 3% surcharge.

### 4.3 **PRSI**

- The rate of PRSI increased on 1<sup>st</sup> October 2025 by 0.1%.
- This increases to 4.2% for Class A employees and to 4.125% for Class S (self-employed)

### 4.4 **VAT**

- Reduced rate of VAT on gas and electricity of 9% to continue to end 2030.
- Vat on food businesses, catering and hairdressing reduced to 9% from July 2026

### 4.5 **CGT Entrepreneurial relief**

- Entrepreneurial relief reformed with the lifetime limit raised from €1 million to €1.5 million

### 4.6 **Carbon Tax**

- Carbon tax will increase by €7.50/tonne from €63.50 to €71.
- Petrol & white diesel will increase on 8th October, adding approximately 2.4cpl.
- Will apply to other fuels (incl. green diesel) from 1 May 2026.

### 4.7 **Micro-Generation of Electricity**

- €400 exemption from Income Tax for profits arising from micro-generation of electricity is being extended for a further three years to 31 December 2028. Applies to qualifying individuals who generates energy from renewable, sustainable or alternative energy sources for their own consumption, and who sell surplus electricity to the grid.

### 4.8 **Derelict Property Tax**

- New tax, replacing current Derelict Sites Levy, to be collected by Revenue Commissioners and based on registers maintained by Local Authorities.
- Will be a number of years before implemented – legislated Finance Bill 2026; Local Authorities begin identifying derelict properties in 2026, with preliminary register published in 2027.
- Annual levy of min 7% of site value to apply.

## 5. Social Protection

- Minimum wage increased 65c from €13.50 to €14.15/hr from 1st January 2026.
- Core weekly welfare payments rise €10 per week, including for pensioners, people with disabilities, carers, jobseekers and lone parents, with proportionate increases for qualified adults.
- Christmas bonus double payment
- Child support payments increase €8 for those under 12 (to €58), and €16 for those aged 12 and over (to €78)
- Extending Back-to-school clothing and footwear payment to two, and three year olds
- Fuel allowance extended to those receiving working family payments
- Income thresholds for working family payment increased by €60 for all families
- Income disregard for carers Allowance increased by €375 for single person (to €1,000) and €750 for couple (to €2,000)
- Domiciliary care Allowance increases €20 to €380/month
- Fuel Allowance increased €5 to €38, with eligibility extended to all households receiving the working family payment.

## 6. Education

- 1,042 new teachers, 860 new special education teachers; 1,717 new SNAs
- €1.6bn in capital to fund more than 300 school building projects
- Student fees down €500 on a permanent basis (up €500 on last year temporary support)
- Income threshold for SUSI grants increase €5,000 to €120,000 per household.

## 7. Housing

- €5bn in capital investment to delivering home in 2026.
- Tax credit for renters extended for three years at €1,000 for individual; €2,000 for a couple.
- Help-To-Buy scheme retained at €30,000 cap.
- VAT on sale of new apartments reduced from 13.5% to 9%.
- Mortgage interest tax relief extended for two years, but reduced for the final year - €1,250 for 2025; €625 for 2026.
- Income tax deduction for small landlords who retrofit their properties extended three years.
- Living City Initiative extended to end 2030 and to include residential properties build before 1975.
- €1.4bn to go to Uisce Eireann to support new housing developments and improve water supply.
- "Over the shop" premises relief to increase from €200,000 to €300,000.

## 8. Transport

- €4.7bn allocated for Dept of Transport
- Spending on DART+, Bus Connects and major road, greenway & active travel projects
- Reduced public transport fares maintained for next year
- €5k VRT relief for EV extended to end 2026

- €2 billion from the Infrastructure, Climate and Nature Fund is being allocated to progress MetroLink

**Ends**  
**07 October 2025**

**Initial Report**  
**Prepared by Irish Farmers Association**  
**Farm Business Committee and Rural Development Committee**