



Budget Summary 2025

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INCOME TAX & USC

Tax rates		2025	2024
Standard tax rate		20%	20%
Higher tax rate		40%	40%
Standard rate bands			
Single/widowed without qualifying child		€44,000	€42,000
Married couple/civil partnership one income		€53,000	€51,000
Married couple/civil partnership two incomes		€88,000	€84,000
One parent family		€48,000	€46,000
Tax credits			
Single person		€2,000	€1,875
Married couple/civil partnership		€4,000	€3,750
Single person child carer		€1,900	€1,750
PAYE		€2,000	€1,875
Earned income		€2,000	€1,875
Home carer (maximum)		€1,950	€1,800
Incapacitated child		€3,800	€3,500
Universal Social Charge (USC)			
2025		2024	
First €12,012	0.5%	First €12,012	0.5%
Next €15,370	2%	Next €13,748	2%
Next €44,284	3%	Next €44,284	4%
Balance over €70,044	8%	Balance over €70,044	8%
Relevant income > €100,000	11%	Relevant income > €100,000	11%

PRSI

	2025	2024
Class A Employee PRSI	4.2%	4.1%
Employer PRSI on weekly income (not exceeding €496)	9.0%	8.9%
Employer PRSI on weekly income (over €496)	11.25%	11.15%
Self-employed PRSI	4.2%	4%

Increases in PRSI rates will take effect from 1 October 2025.

CORPORATION TAX

Standard rate	12.5%
CT for large companies	15%
Knowledge Development Box	6.25%
Non-trading income rate	25%

CAPITAL GAINS TAX

General rate	33%
Entrepreneur relief (reduced rate)	10%
Annual exemption	€1,270

STAMP DUTY

Residential units up to €1m	1%
over €1m	2%
over €1.5m	6%*

CAPITAL ACQUISITION TAX

General rate	33%
Group A threshold	€400,000
Group B threshold	€40,000

*increase effective from 2 October 2024

Bulk purchased residential units	15%
Commercial property	7.5%
Shares (subject to some exceptions)	1%

Group C threshold	€20,000
DWT	25%
DIRT	33%

VAT

Standard rate	23%	Reduced rate	13.5%
Reduced rate for gas and electricity remains at 9% until 30 April 2025			

Housing Initiatives

- The Help to Buy incentive is a scheme for first-time buyers which offers a tax rebate on the purchase price of a property. Budget 2025 further extends the scheme to December 2029.
- The vacant homes applies to residential properties that have been occupied for 30 days or less in a 12-month period. The rate of tax will be increased from 5 to 7 times the base rate of Local Property Tax that applies to the property, commencing in November 2024.
- The rent tax credit will be increased from €750 to €1,000 per annum, and €2,000 for a jointly assessed couple. It is available to taxpayers who pay rent and are not in receipt of any other housing supports. Parents who pay for their student children who have tenancies in 'Rent a Room' or 'digs' accommodation will now be able to claim the Rent Tax Credit.
- The Mortgage Interest Tax Relief for home owners, with an outstanding mortgage between €80,000 to €500,000 as at 31 December 2022, has been extended for one year. Tax relief at 20% will be available on the increase in mortgage interest paid between 2022 and 2024, to a maximum of €1,250 per property.

Rent Relief for landlords

A temporary tax relief was introduced in the 2024 budget which will primarily benefit small landlords. Subject to certain conditions, rental income of €3,000, €4,000 and €5,000 will be disregarded, at the standard rate of tax, for the years 2024, 2025 and 2026/27, respectively. To avail of this relief, properties must remain in the rental market for four years, otherwise relief will be clawed back.

Education

The €1,000 cut to college fees for full-time undergraduate students has been extended by one year. Apprentice fees also cut by €1,000. Postgraduate fee contribution will increase by €1,000 to €5,000.

Small gifts exemption

The small gift exemption which allows an employer to reward employees has been increased from €1,000 per year to allow up to five non-cash gifts up to a value of €1,500 per year.

Corporation Tax

Research & Development (R&D) Tax Credit

There will be an increase in the first year payment threshold in the R&D tax credit from €50,000 to €75,000 to provide additional cash flow to companies.

Employment Investment Incentive Scheme (EII)

- Extended for an additional two years to 2026.
- Doubling the amount an investor can claim relief on, to €1 million.

Start-up relief for entrepreneurs

- Extended for an additional two years to 2026.
- Increasing the relief from €700,000 to €980,000

Start-up Capital Incentive

- Extended for an additional two years to 2026.

Angel Investors

A new tax relief for 'Angel Investors' in innovative start-up SMEs which was introduced in the 2024 budget will commence shortly. The lifetime limit for relief from Capital Gains Tax when disposing of a qualifying investment will be increased from €3 million to €10 million.

Retirement Relief

Retirement Relief is a relief on Capital Gains Tax on the disposal of a business. The following amendments will take effect from 1 January 2025:

- An extension on the upper age limit for the relief from age 65 to age 70
- A clawback of the relief will be applied where there are disposals by the child above €10 million within 12 years of receiving the asset.

VAT thresholds

VAT registration thresholds will increase to €85,000 for the supply of goods and €42,500 for the supply of services.

Benefit-in-Kind – motor vehicles

Universal relief of €10,000 on the Original Market Value (OMV) of company cars, first introduced in 2023, has been extended for a further 12 months.

A reduction of €35,000 on the OMV of electric cars will be maintained until the end of 2025. Taken together with the extension of the universal OMV relief, this measure will mean that an employee with an electric company vehicle will see an overall BIK Original Market Value relief of €45,000 in 2025.

There will be a BIK exemption for the provision of electric vehicle chargers at the home of directors/employees.

Carbon Tax

In a drive to decarbonise the economy and meet Ireland's commitment to reduce carbon emissions, the rate of carbon tax on fuels will increase on 9 October 2024 by €7.50 per tonne. Carbon tax will rise by the same amount in every Budget until 2029.

Agri Tax Measures

The following reliefs have been extended to the end of 2027:

- General Stock Relief
- Stock Relief for Young Trained Farmers
- Stock Relief for Registered Farm Partnerships

The relief for Young Trained Farmers will be revised so that it will be available where it is claimed by an individual farmer who carries on the farm business through a company.

The Stamp Duty relief which applies to farmers who lease land will be amended to encompass farmers who have chosen to incorporate their business.

Minimum Wage

The national minimum wage has increased by 80 cents to €13.50 an hour.

Bank Levy

The bank levy has been extended for a further year.

This leaflet is a summary of the Budget Speech and is not intended to be a comprehensive guide. For additional guidance, please contact us.

*Copsey Murray Chartered Accountants
1 October 2024*