Rialtas na hÉireann
Government of Ireland

The Budget in Brief
Your guide to Budget 2025

Prepared by the Department of Public Expenditure, NDP Delivery and Reform
gov.ie/budget | #Budget2025

Contents

Welcome to the Budget in Brief	1
Overall Breakdown of Tax and Expenditure Measures	2
The Budget Process	3
How is the Economy Doing?	5
Where Does the Money Come From?	7
How is the Money Spent?	9
Measures 2020-2024	11
Voted Expenditure 2025	12
The Cost of Living	13
Cost of Living Supports	13
Demographics	14
Climate Action and Carbon Tax	15
Capital Investment	16
Key Tax Policy Measures	17
Key Expenditure Measures	19
Where can I find out more?	25

Welcome to the Budget in Brief

This guide provides a high-level overview of Budget 2025.

Each year at Budget time important decisions are made about how public money will be spent and the level of taxation needed to fund this.

This guide aims to explain how money will be raised and spent in 2025. It has an easy-to-use format so that it can be used by a wide cross-section of society. This will enable people to take part in informed debate about the choices made by Government.

This guide provides a high-level overview of Budget 2025. If you would like to know more about any information found in this guide, visit www.gov.ie/budget where a range of more in-depth material is available to download.

What is the Budget?

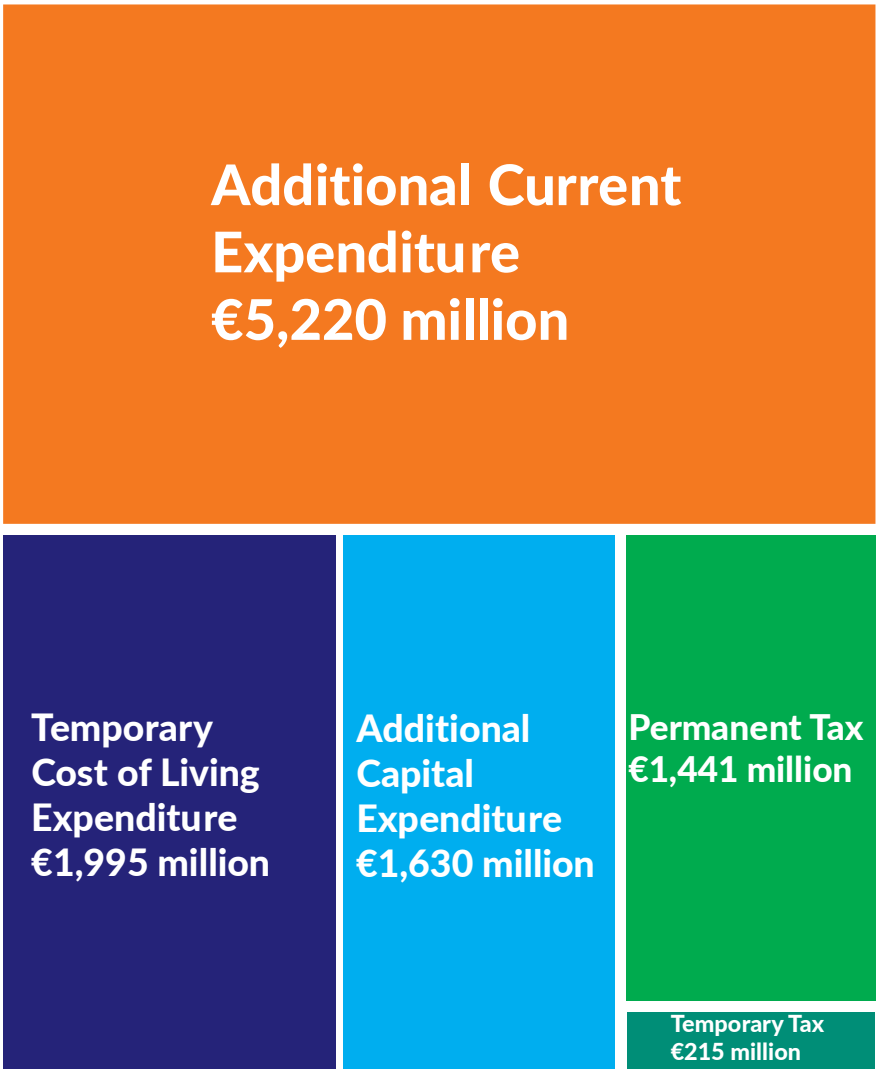
In autumn of each year, the Minister for Finance and Minister for Public Expenditure, National Development Plan (NDP) Delivery and Reform announce the Government's spending, tax and borrowing plans for the following year.

This is called the National Budget.

The Budget covers all of Government spending and revenues. It includes all Government departments and agencies, non-commercial state bodies as well as the Local Government sector.

Overall Breakdown of Tax and Expenditure Measures

Budget 2025: Protecting Living Standards and Safeguarding our Future



The Budget Process

The Stability Programme Update

In April, the Stability Programme Update is submitted to the European Commission. This outlines the economic background to the budget and sets out the Government's economic strategy over the next five years.

Summer Economic Statement

In July, the Summer Economic Statement is published. It provides an updated assessment of how the economy and the public finances are doing and sets out the Government's strategy for the Budget. It allows for an open discussion about options and priorities in advance of the Budget.

National Economic Dialogue

In June, the National Economic Dialogue is held. It is attended by Ministers, Members of the Oireachtas, business and employee representatives, social and voluntary groups, environmental groups, and other representative bodies. The Dialogue allows for the sharing of views about the competing economic and social priorities facing Government.

Mid-Year Expenditure Report

In the Summer, the Mid-Year Expenditure Report reviews the Government's expenditure position to end-June across all spending areas. It sets out the up to date pre-Budget position.

White Paper on Receipts and Expenditure

On the weekend before the Budget, the White Paper on Receipts and Expenditure is published by the Department of Finance. It sets out projected national revenues and spending for the current year, and also for the next year (2025). It sets out the opening position for the Budget, and figures are calculated on a pre-Budget basis (that is, based on the current Budget, and not the Budget to be announced the following week).

Budget Day

On Budget Day, the Minister for Finance and Minister for Public Expenditure, NDP Delivery and Reform present the Budget Statements to Dáil Éireann. They explain the changes Government proposes to make to taxes and spending in the following year. These proposals are debated. Any changes that are proposed to have immediate effect are voted on by Dáil Éireann as Financial Resolutions.

Social Welfare and Pensions Bill and Finance Bill

The Social Welfare and Pensions Bill provides for changes in the social welfare code announced in the Budget, and is usually enacted soon after Budget Day. The Finance Bill, which puts the tax measures announced in the Budget into law, must be enacted within four months of the passing of the Budget Day Financial Resolutions.

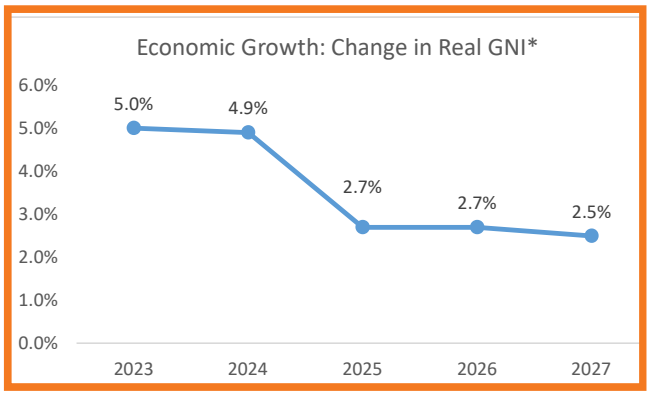
Revised Estimates Volume

In December, the Department of Public Expenditure, NDP Delivery and Reform publishes the Revised Estimates Volume. This book provides full details about spending in each Government department and agencies, as well as performance information.

How is the Economy Doing?

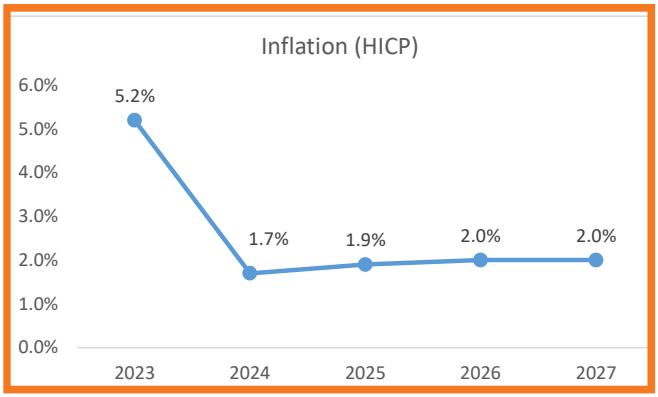
Economic Growth

Modified Gross National Income (GNI*) measures the size of our economy in a given year. 'Real' GNI* strips out the effect of inflation, allowing us to judge whether the economy has really grown (rather than prices simply increasing). If Real GNI* is growing, our domestic economy is performing well. GNI is forecasted to continue growing out to 2027.



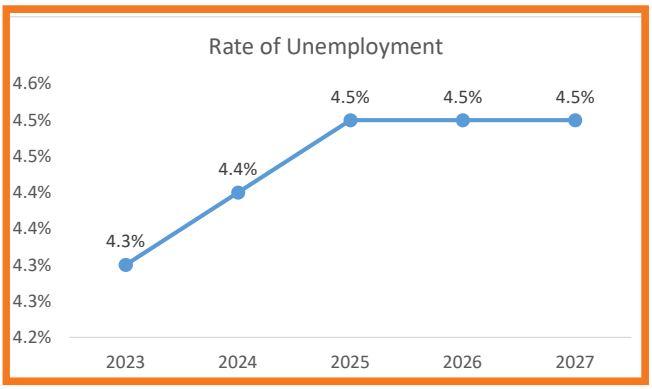
Inflation – the changing cost of living

Inflation is an increase in the prices of goods and services. How quickly prices go up is called the rate of inflation. The Harmonised Index of Consumer Prices (HICP) measures the overall change in the prices of goods and services that households typically buy over time. It allows comparisons with other EU countries. The below sets out the average change in prices relative to the previous year.



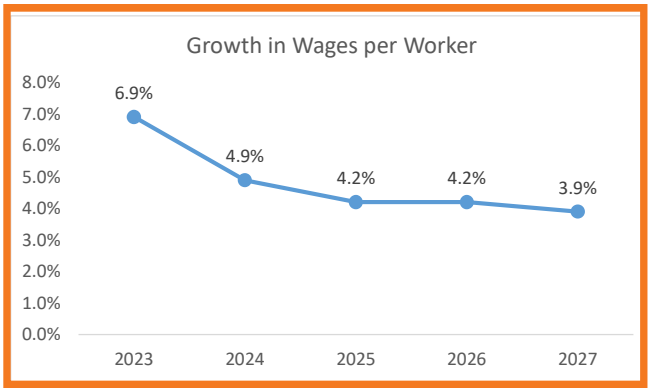
The Labour Market – Unemployment

There are over 2.7 million people employed in Ireland – this reflects an increase of 72,000 over the same period last year. The unemployment rate reflects those that are not in work but are available for work, as a percentage of the total labour force.



The Labour Market – Growth in Wages

Average wages have been increasing in Ireland, and are expected to continue to grow in the coming years. Wages are increasing due to our strongly performing labour market. 'Real average wages' (wages adjusted for inflation) are expected to be higher in 2025 than they were prior to the inflationary period, reflecting real gains for workers.



Source: Department of Finance

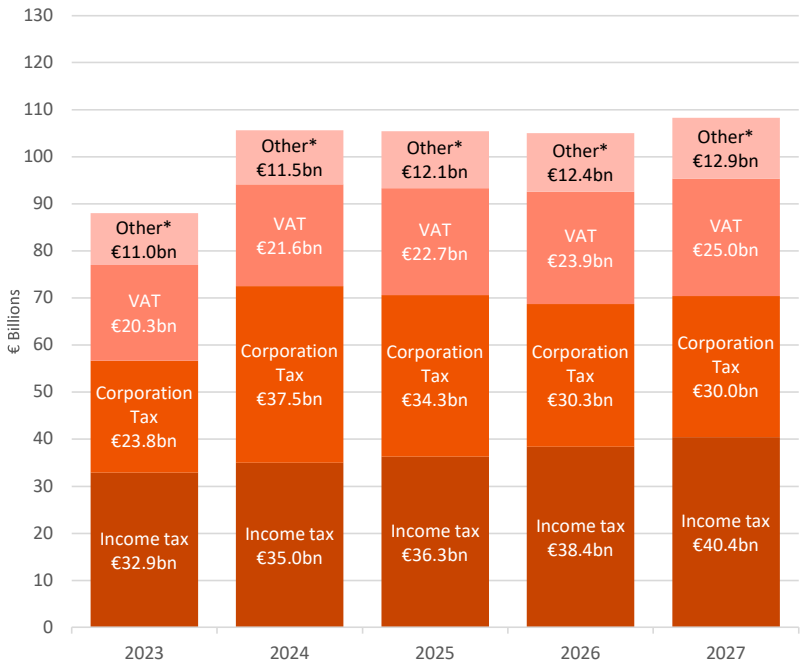
Where Does the Money Come From?

All tax payments and other revenues received by the State are paid into a central fund, called 'the Exchequer'. Government expenditure is funded from the Exchequer.

Government receives money from a number of sources, with most of this coming from tax revenue and Appropriations-in-Aid.

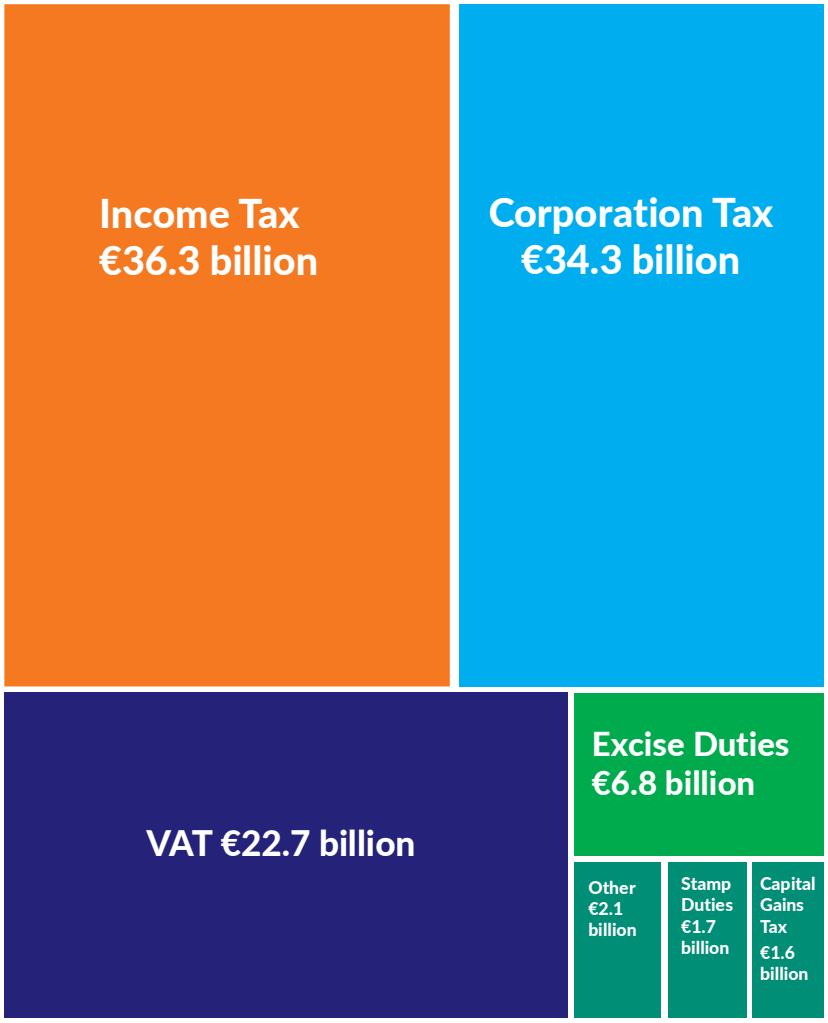
- Tax revenue is paid by people and businesses (e.g. Income Tax, Corporation Tax).
- Appropriations-in-Aid are the money generated by Government Departments and bodies for their own use.

This chart shows how the size of the three largest tax revenue sources changes between 2023 and 2027, with remaining sources grouped in the 'Other Revenue' category:



Source: Department of Finance

This chart shows a breakdown of the amount of money that Government expects to raise through each tax revenue source in 2025. The larger the rectangle, the greater the portion of revenue raised by that source.



Other: projections for 2025 are as follows:

- Motor Tax.....€0.9 billion
- Capital Acquisitions Tax.....€0.6 billion
- Customs.....€0.6 billion

How is the Money Spent?

Money raised by the Government is spent on delivering public goods and services.

It can be divided into current and capital expenditure.

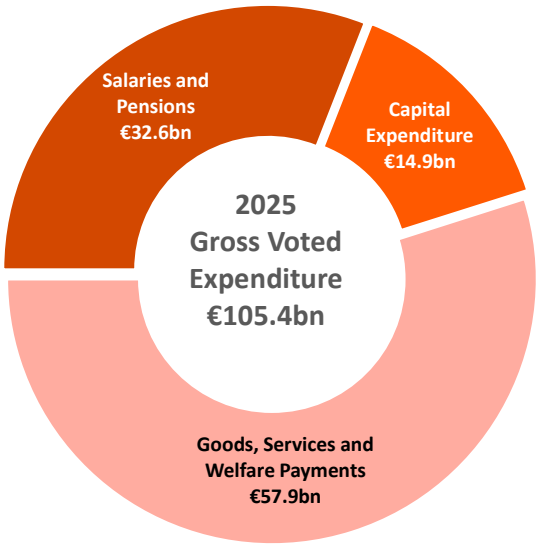
Current expenditure covers day-to-day spending by Government departments, agencies and non-commercial state bodies and includes the wages and pensions of public servants .

Capital expenditure includes spending on long-term physical assets (such as roads, bridges, hospital buildings and schools) and on non-physical assets (such as computer software).

The expenditure that is approved by the Dáil during the budget process is called **'Voted Expenditure'.**

2025
Voted Expenditure
€105.4 Billion

This chart shows how Voted Expenditure of €105.4 billion for 2025 is broken down between spending on goods and services, salaries and pensions, and capital expenditure.



Non-Voted Expenditure is not subject to annual Dáil approval but is allowed for under existing laws. It includes spending such as interest on the National Debt and Ireland's contribution to the EU Budget. It also includes costs such as the Houses of the Oireachtas and the salaries of judges.

Measures 2020-2024

This is the last Budget of the current Dáil. This Government takes an evidence-based approach to public expenditure and examines the impacts of investments across different cohorts of society. Some of the measures introduced over the last 4 years, have resulted in the following:

768,000 children benefitting from free school books, with more teachers and Special Needs Assistants in classrooms, and 3,300 special classes

180,000 children benefitting from the National Childcare Scheme

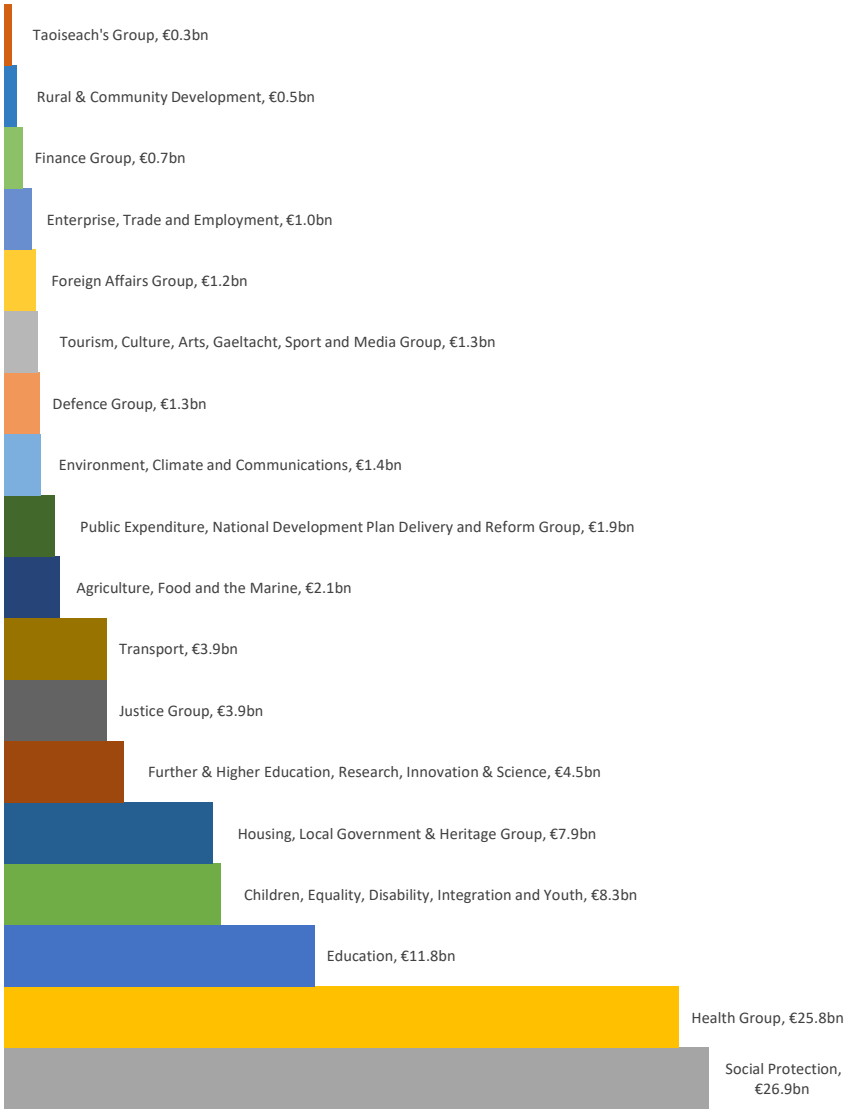
Significant increase in expenditure in the health sector is reflected by our life expectancy of 82.4 years – the 6th highest in the EU

Housing delivery has grown from 21,000 homes completions in 2019 to over 32,000 homes delivered last year – a 50% increase in four years

A record number of people in employment (2.7 million in July 2024) and a new public service pay agreement for our Gardaí, nurses and teachers

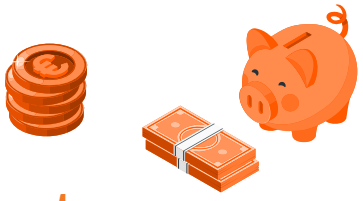
Voted Expenditure 2025

This chart shows the amounts of money that will be available for different policy areas in 2025 (in € billions).



The Cost of Living

Inflation has fallen significantly in the last year and it is expected to remain close to the 'target rate of inflation' (2% per annum) in the coming years. While the rate of increase in prices (inflation) is slower, prices are still around 19% higher than they were in January 2021. Cost of Living measures will continue to help bridge the gap as regular income growth continues to close the gap.



Cost of Living Supports

2024/2025
€250 (2 x €125)
Electricity Credit

Winter 2024
€300 LUMP SUM
Fuel Allowance

Winter 2024
€200 LUMP SUM
Living Alone Allowance

Winter 2024
DOUBLE MONTH x2
Child Benefit

Winter 2024
€400 LUMP SUM
Working Family Payment

Winter 2024
€100 LUMP SUM
Qualified Child Increment

Oct & Dec 2024
DOUBLE WEEK x2
All Weekly Welfare Scheme

Winter 2024
€400 LUMP SUM
To Selected Categories*

Winter 2024
DOUBLE PAYMENT
Foster Carer Allowance

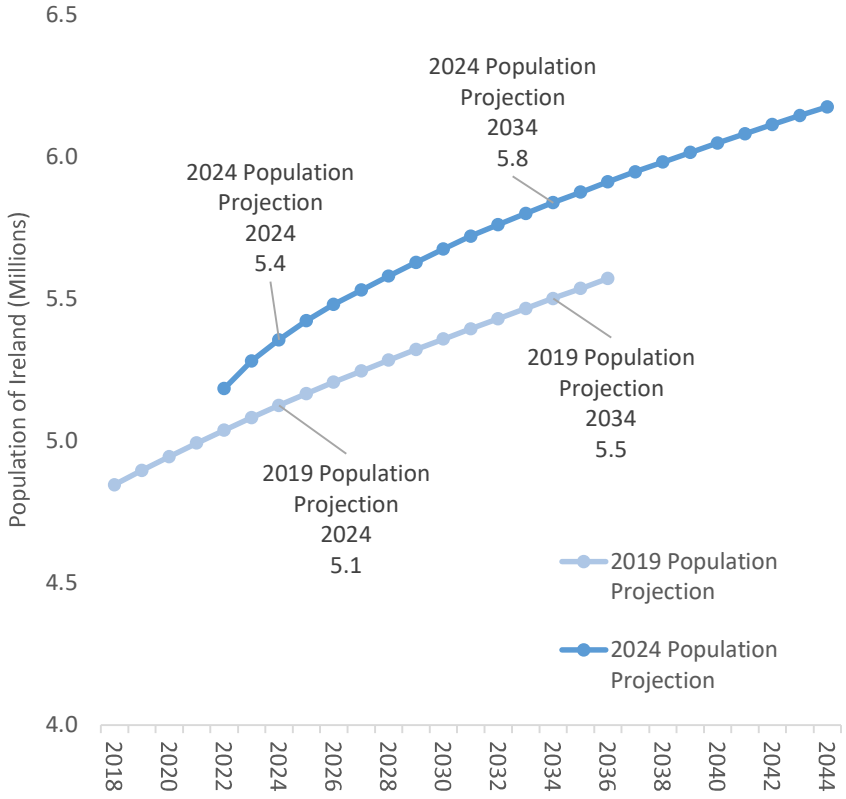
**payment to recipients of the Carer's Support Grant, Disability Allowance, Blind pension, Invalidity Pension and Domiciliary Care Allowance (one payment per individual)*

Demographics

The number of people living in Ireland has an impact on the demand for public services, and consequently, on the funding that services require.

Our population has been growing at a rate faster than previously projected, with the labour force now projected to increase by 485,000 to 3.2 million persons by 2037.

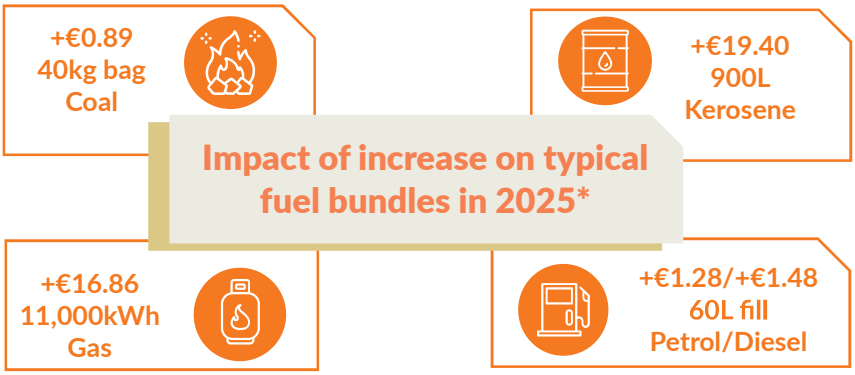
Allocations are provided for demographics through the budget process. These funds ensure that we can continue to operate services and successfully serve the people living in Ireland.



Source: CSO: PEC19 M2 and PEB07 M2F2 Outflow

Climate Action and Carbon Tax

There will be a €7.50 increase on the current rate of Carbon Tax applied per tonne of carbon dioxide emissions. This will bring the rate up to €63.50 per tonne. Carbon tax will increase by the same amount in every budget until 2029, and will reach €100 per tonne in 2030. The increase will be applied to petrol and auto diesel from midnight on the Tuesday following the budget (that is, from 9 October 2024) and all other fuels on 1 May 2025.



€951 million

- €477m investment in residential & community energy efficiency and other Dept of the Environment, Climate and Communications programmes.
- €306m on targeted social protection interventions.
- €143m on incentivising farming in a greener & more sustainable way.
- €20m for greenways and active travel, electric vehicles grants and infrastructure.
- €5m for peatlands rehabilitation.

Learn more about Carbon Tax funds at www.gov.ie/budget

**From Department of Finance Tax Strategy Group Paper 24/09. VAT is calculated at the standard rate of 23% for diesel and petrol and the reduced rate of 13.5% for heating fuels. The Commission for Regulation of Utilities (CRU) estimates the average household usage of natural gas at 11,000kWh per year.*

Capital Investment

The National Development Plan (NDP) sets out the government's plan to build and develop the infrastructure required for Ireland's growing and changing population. Under the NDP, €165 billion in capital expenditure is being invested over the period 2021 – 2030, including spending on social housing, roads, bridges, hospitals, schools and public transport projects. An additional €2.25 billion from windfall corporation tax receipts has been allocated to capital for the period 2024-26.

A significant number of capital projects have been delivered in towns and cities across Ireland since the NDP was launched. These include:

- The development of active travel infrastructure throughout Ireland, through 500 kilometres of walking infrastructure, 260 kilometres of cycling infrastructure, 220 kilometres of Greenways, and 170 kilometres of new roads
- 100,000 premises connected to high-speed broadband as a result of the National Broadband Plan
- A variety of health projects, such as the first phase of the redevelopment of the National Rehabilitation Hospital, new ward blocks in Mallow General Hospital and University College Hospital Galway Radiation Oncology Unit, and the National Forensic Mental Hospital
- High quality cultural amenities, such as new libraries in Kinsale, Naas and Virginia

Tionscadal Éireann
Project Ireland
2040

If you would like more information on the NDP, visit www.gov.ie/2040

Key Tax Policy Measures

€125 Increase in the Main Tax Credits

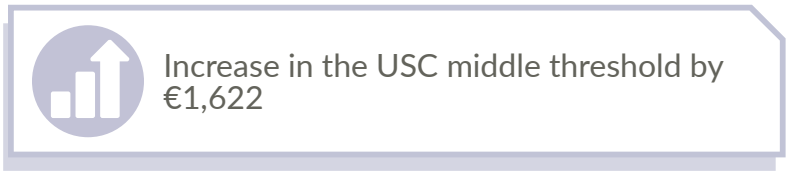
€2,000 Increase in the Standard Rate Cut-off Point

€150 Increase in the Home Carer Tax Credit

€150 Increase in the Single Child Carer Credit

€300 Increase in the Incapacitated Child Tax Credit

€300 Increase in the Blind person Credit


Increase in the USC middle threshold by €1,622
Reduction in the 4% USC rate to 3%
Increase in the Rent Tax Credit from €750 to €1,000
Increase in the Excise Duty and VAT on a pack of cigarettes by €1
VAT on Heat Pumps decreased to 9%
Sea-going Naval Personnel Tax credit extension

Key Expenditure Measures

Introduction of 495 new beds to our health service, bringing the total number of hospital and community beds to over 18,000

Increased access to IVF and HRT free of charge

1,600,000 additional home support hours

A €12 increase in the weekly main social welfare rate for working age recipients and pensioners

A comprehensive carer's package: Increases to the Means Tests Disregard, Domiciliary Care Allowance, Carer's Support Grant, and a Fuel Allowance.

Extending the Hot School Meals programme to all primary schools in 2025. Introducing a school meals holiday hunger pilot project.

10,000 new-build social homes

10,000 new tenancies supported through the Housing Assistance Payment and Rental Accommodation Schemes

€100 million for grants to adapt the homes of older people and people with a disability and to implement recommendations from the review of these schemes

€186 million to support the regeneration and rejuvenation of our towns and cities under the Urban Regeneration and Development Fund

€400 million to accelerate the roll-out of the National Broadband Plan

€235 million helping to support the revitalisation of rural Ireland through infrastructure and schemes

€716 million to support sustainable farming through areas of natural constraint, forestry, organic farming and other schemes

Continued rollout of the BusConnects programme in our cities and more town bus services

A new Search and Rescue contract for the Irish Coast Guard allowing for significantly improved services to protect and save lives.

€1 million per day investment in cycling and walking infrastructure

Fare initiatives on public transport, including the Young Adult Card and the ninety-minute fare, continued to end of 2025

Extension of free child fares on Public Service Obligation services, to include children aged 5-8 years for the first time

€30 million for a new tillage scheme supporting farmers to plant their field grown crops

€8 million to enhance payment rates on the National Beef Welfare Scheme

€10 million for animal health measures improving biosecurity

€22 million for the continuation of the National Sheep Welfare Scheme into 2025

Almost €380 million to arts and culture

€231 million to sports which will benefit clubs and organisations in every corner of the country

Significant increase in funding for the Irish Prisons Service, which includes provision for up to 350 additional staff

Funding for the recruitment of up to a further 1,000 Gardaí and 150 Garda civilian staff next year

€7 million for organisations providing supports to victims of Domestic, Sexual and Gender-Based Violence

Funding for the recruitment, training and support of a net increase of 400 military personnel

Highest ever allocation to official development assistance

€13 million to help integrate migrants from Ukraine into local communities

Additional €25 million to the Community Recognition Fund for upgrades to sports facilities, community centres, parks, walking trails and playgrounds

Extension of the Free Schoolbooks initiative to all senior cycle pupils in recognised post primary schools within the free education scheme

€78 million to support the continued growth of the craft apprenticeships system to 6,800 apprentice registrations

€1.3 billion will support 350 school building projects currently underway as well as a further 200 new school projects

768 additional special education teachers and 1,600 more Special Needs Assistants

The rollout of supports to allow schools become smartphone free areas throughout the school day

Where can I find out more?

Budget website

This guide provides an overview of the spending and taxation decisions that have been made in the budget. If you would like to read some more detailed information and analysis, or even read the Ministers' Budget day speeches to the Dáil, visit gov.ie/budget to find out more

Public Service Performance Reporting

Public Service performance budgeting gives an overview of what is being delivered with public funds and the impact that is being had as a result. Performance budgeting recognises that public expenditure management does not exist in a vacuum. It is important that the impact of policy decisions is recognised and measured beyond just the monetary cost.

The Performance Budgeting framework includes a number of different strategic budgeting initiatives such as Green, Well-being, Equality and Sustainable Development Goal (SDG) budgeting. If you would like to find out more and read the Public Service Performance Reports, visit gov.ie/PerformanceBudgeting

MyProjectIreland interactive map

The MyProjectIreland interactive map provides a comprehensive overview of the capital projects being delivered or planned in your town, city, county, province and region, making it easy to see how Project Ireland 2040 is benefitting your local community.

The map incorporates almost 1,370 projects across the country including schools, social housing schemes, roads, Garda stations, Primary Care Centres and libraries. While it does not provide an exhaustive view of all capital expenditure, this map serves to highlight the diverse range of projects being delivered across communities in all regions.

To see the projects already delivered or underway in your area, visit gov.ie/MyProjectIreland

Where Your Money Goes

The 'Where Your Money Goes' website is an easy-to-use tool for examining government expenditure. The data is presented in a variety of interactive charts. Visit www.whereyourmoneygoes.gov.ie and check it out.

Rialtas na hÉireann
Government of Ireland

Tithe an Rialtais, Sráid Mhuirfean Uacht,
Baile Átha Cliath 2, D02 R583, Éire
Government Buildings, Upper Merrion Street,
Dublin 2, D02 R583, Ireland

T: +353 1 676 7571
www.gov.ie/per

@IRLDeptPER
@dept_pendr