SOCIAL JUSTICE IRELAND

working to build a just society

Budget 2025
Analysis & Critique

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CONTENTS:

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Final Giveaway Budget Leaves Regressive Legacy

Social Justice Ireland's Budget analysis shows:

- A couple with only one earner on €100,000 is better off by €73.35 per week due to the last five Budgets.
- A couple with only one earner on €30,000 is only better off by €3.34 per week after five Budgets.
- This shows that despite vast resources, the Government's five budgets have been cumulatively regressive.

Notwithstanding an enormous spending package, an ultimately regressive set of measures will be the enduring legacy of Budget 2025. Government has yet again resorted to temporary lump-sum measures and a distribution of resources that will ultimately benefit the better off. In spite of an unprecedented surplus of €25 billion, the level of investment, while significant in many areas, lacks the vision to take on the challenges before us.

Inadequate Response to Cost of Living

Government has delivered less than half of what was required in Budget 2025 for Ireland's poorest to have an adequate standard of living. The increase of €12 in core social welfare rates falls far short of the €25 needed to begin to address income adequacy among the poorest families, especially in the context of continuing cost of living pressures (see p. 3).

Government has yet again reneged on the commitment it made in its Programme for Government to protect core social welfare rates, and has again failed to benchmark social welfare. *Social Justice Ireland* welcomes the increase in the National Minimum Wage to €13.50, but regrets that this remains below the Living Wage of €14.75 per hour.

Culmination of Budget Policies is Regressive

Huge resources were distributed in Budget 2025, but much of that enduring distribution will be upwards. The rich-poor gap has jumped €23.27 per week as a result of Budgetary policy, meaning that Budget 2025 has given €1,214 more over the course of a year to a high-income earner than it has given to somebody on the lowest income (p. 9). Our analysis of the five Budgets of this Government found that ultimately the cumulative impact has been regressive: when temporary measure fall away, those on higher incomes will have benefitted most from changes to taxation and benefits since 2020 (pp. 4, 8). The decision to allocate substantial resources to the wealthy rather than the poorest in our society is plainly unfair. To do so when the numbers of people experiencing deprivation has risen each year for the past three years is profoundly unjust.

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Welcome

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Vast Resources, Limited Vision

Return to Inadequate One-Off Measures

Social Justice Ireland welcomes the recognition by Government that the cost of living pressures remain a real strain on low and middle-income families. However, instead of again relying on temporary one-off payments, sustained income adequacy should have been a key focus of Budget 2025. Beneath the cost-of-living pressures is an ongoing crisis of poverty. This longstanding problem requires sustained support for income adequacy, something the swathe of once-off lump sum payments fails to really tackle. For example the return to energy credits fails to acknowledge that last year many people continued to struggle to heat their homes notwithstanding those energy credits. Temporary one-off measures provide welcome short-term assistance to households in the week or month they are provided, but ultimately peter out. The generous lump-sum payments due in 2024 will not persist into next year and the starting gap between higher and lower incomes will be even greater this time next year. A more appropriate increase in all core weekly welfare rates would enable households to buy essentials routinely and not as treats.

Taxation

Once again Budget 2025 has provided least for low-income earners, who earn too much to benefit from welfare rises but too little to experience much of the value of the income tax changes. Raising the threshold for the higher rate of tax only benefits those already on incomes above €42,000 and does nothing for lower-income earners who experience cost of living pressures most keenly. While less regressive, changes to the USC will only benefit those with incomes above €25,760, while also being very expensive at a cost of €515 million for a 1% change. Ultimately these changes do not make the system any fairer and erode the tax base at a time when we should be strengthening our fiscal foundations for the future. While the increase in the personal tax credits is certainly welcome as the fairest way to ensure everyone benefits from reductions in income tax, we regret that these credits have not been made refundable. *Social Justice Ireland's* proposal for refundable tax credits would have targeted low-income households, allowing those who earn too little to benefit from the full value of their credits to be refunded the difference.

Child Poverty and Income Adequacy

Last year Government set itself a mission to tackle child poverty. Budget 2025 includes some very welcome measures to supporting families with children but fails to make the decisive investment needed. This is despite the fact that over 31,500 more children experienced deprivation in 2023 than in 2022. The triple child benefit payment for newborns and the two double child benefit payments in 2024 will certainly make a difference to families with children. However, *Social Justice Ireland* regrets that yet again there has been no increase in Child Benefit. This payment hasn't been increased since 2016 despite inflation and increases in prices, as well as increases in child poverty and deprivation in that time. A €50 increase was required in Child Benefit to address Ireland's level of child poverty. While the increases in the Qualified Child Payments (now called the Child Support Payment) for under 12s and over 12s are welcome, they fall short of the €6 and €11 weekly increases required. Fundamentally, child poverty cannot be separated from the poverty experienced by the families to which children belong. Had Government been serious about tackling child poverty, it would have addressed income adequacy, housing, education and health.

Housing

Budget 2025 does not invest enough in home building. It committed to the construction of 10,000 social homes, yet this falls far short of addressing the ongoing need of at least 115,425 households as estimated by Parliamentary Budget Office. It also fails to make up for the shortfall of 2,557 from Government's 2022 and 2023 targets, and the likely shortfall on the 2024 target, given that just 158 of a target of 9,300 social homes has been built as of Q1 2024. An additional capital investment of €1.75 billion is needed, as recommended by *Social Justice Ireland*, to make a serious effort towards reaching a social housing target of 20% share of housing stock.

A Budget without Vision

Budget policy alone won't solve the problems in our services and infrastructure (although without adequate investment nothing can be achieved). Not only is a large budget package needed to address the many investment challenges we face, Budget 2025 also required an expansive vision for that spending package – a national purpose set on a transforming our society in the interest of the Common Good.

Last year, Government expressed sentiments in that direction with a focus on addressing child poverty, but the required actions are yet to materialise. In this year's Budget, we have seen no long-term planning for the spending of the enormous resources at our disposal beyond reference to the need for housing, electricity and water infrastructure. Perhaps this is too much to expect from the last Budget of a Government about to go into an election, but such a Budget could have left a lasting legacy and set a destination for the next Government.

Despite unprecedented resources, Budget 2025 failed to decisively address poverty — but if not now, when?

Budget Giveaways Hide Regressive Shift

Budget 2025 joins the historic list of pre-election giveaway Budgets where resources are spread widely to target voters rather than at the persistent policy problems that damage the socio-economic fabric of our society. Much like all those other pre-election giveaway Budgets, it will be looked back at as a missed opportunity to make real progress - something *Social Justice Ireland* deeply regrets.

The Budget includes a range of measures to address the effects of the cost of living crisis. Structurally, it follows a similar path to that adopted in the last two years, with a mixture of immediate measures, one-off payments mainly due before the end of 2024, and changes to income tax and welfare payments from January 2025. Given the challenges that so many households continue to face in making ends meet, particularly those on the lowest incomes, that assistance is welcome and needed.

However, there is a marked difference in the way that the Budget measures are being delivered to households. The Budget includes ***temporary measures***, such as electricity credits and one-off additional welfare and fuel allowance payments, alongside ***permanent measures*** such as changes to the value of core welfare payments, changes to tax credits and bands, and changes to PRSI and the USC. In time, these temporary measures will disappear but the permanent changes will remain.

In the immediate term, counting both the temporary and permanent measures, the Budget gives more resources to lower income households, particularly in 2024. However, once these temporary measures are discontinued (from early 2025) what is left are the permanent changes to income taxes and welfare. These Budget 2025 decisions have skewed resources in favour of higher income households.

In particular, the Budget has provided least for the large cohort of lower income workers; those earning above the minimum wage but below annual income levels that allow them to experience much of the value of the income tax changes. Year after year this large group of workers hears of 'gains' from the Budget but experiences little if any of them.

To illustrate the distributive outcomes from Budget 2025 among single people next year, the Budget's ***permanent changes*** to taxes and welfare deliver the following average weekly gains:

- An unemployed person: + €12.00
- An earner on €30,000: + €5.34
- An earner on €60,000: + €18.18
- An earner on €100,000: + €19.34

For couples in 2025 the average weekly gains are:

- A pensioner couple: + €22.80
- An unemployed couple: + €19.92
- With 1 earner on €30,000: + €0.55
- With 1 earner on €60,000: + €23.45
- With 2 earners on €100,000: + €32.91

Overall, Budget 2025's legacy will be to widen further the gap between the better off and those on the lowest welfare and work incomes; given the resources available it is a regrettable outcome.

Small Welfare Increase

Social Justice Ireland regrets that Budget 2025 only provided an increase of €12 per week to core welfare payments. In our pre-Budget document, *Budget Choices*, we called for an increase of €25 per week in all weekly minimum welfare payments to ensure that their value was benchmarked to movements that have already occurred in average earnings.

It is regrettable that the Budget failed to deliver an increase of this scale. It is also a concern that as public and private sector wage increases continue throughout 2024 and 2025, those dependent on welfare will fall further and further behind. A lesson from past experiences is that the weakest in our society get left behind unless welfare increases keep track with increases in earnings elsewhere in the economy.

Welfare payments target those most in need within Irish society. They also play a central role in alleviating poverty. According to the latest CSO Poverty figures, without the social welfare system one-third of the Irish population would be living on an income below the poverty line.

Other Budget measures, including increases to the child support payment and adjustments to the carers and fuel allowance, domiciliary care allowance and the working family payment are welcome. These assist low income vulnerable groups in our society.

Apple Tax Windfall Plans

The exchequer will record a substantial, and unprecedented, budget surplus in 2024 of €23.7bn; equivalent to 7.5% of national income as measured by GNI*. While there are large inflows of tax revenue from an economy with record levels of employment and strong consumer spending, the contribution from corporation tax is notable. In 2024 corporation tax revenue will total €37.5bn; for comparison this figure was €6.1bn ten years ago (2015 data from Budget 2016). It includes windfall corporate taxation revenues from a small number of firms, estimated as at least €11bn-€12bn by the Fiscal Advisory Council, alongside the €14.1bn 'Apple Tax' payment.

The Budget includes a very brief 'framework' of the plans to use the Apple windfall tax revenue. It signals that it will focus on water, electricity, transport and housing. While it is welcome that none of this money is being used to fund day-to-day spending or tax reductions, as a society we should appreciate how much of this unexpected revenue is being used to pay for investment that the state should have been making in any event.

The Budget's 'Apple Tax' announcement highlights the inadequacy of our recurring tax revenue base and the lack of serious engagement in ongoing investment in necessary infrastructure. We cannot keep depending on unexpected windfalls to fund essential infrastructure and services. (see also p 7 and p 10)

Child Poverty Measures Fail to Match Stated Ambition

Child poverty is a reality for one in every seven children in Ireland, a stark statistic which raises major questions for fairness and progress. Our long-standing failure as a society to adequately engage with the issue of child poverty, and drive substantial and permanent reductions in it, is building long-term problems.

Given the slow and limited progress achieved by many previous anti-poverty strategies, it is crucial that anti-child poverty ambitions translate into actual measures that put more income in the pockets of poorer families and make the public services they rely on more readily available and more affordable.

Child poverty is essentially an issue of low income families and child poverty solutions hinge on issues such as adequate adult welfare rates, decent rates of pay and conditions for working parents, and adequate and available public services. Child benefit also remains a key route to tackling child poverty. It is of particular value to those families on the lowest incomes. *Social Justice Ireland* welcomed Government's identification of key areas for policy focus to address child poverty in the Child Poverty and Well-Being Work Programme, including income levels and the cost and availability of services. Unfortunately Budget 2025 failed to adequately prioritise and resource these areas.

Income supports and joblessness

Budget 2025 introduced a double child benefit payment for newborns, increased the qualified child payments by €4 and €8 per week, increased core social welfare rates by €12 per week, increased the Domiciliary Care Allowance, maintained the Christmas Bonus, increased the Working Family Payment income threshold and contained a number of other one-off payments. While these are welcome, the failure to increase core social welfare rates by €25 per week, Child Benefit by €50 per month and to make tax credits refundable and progress a Living Wage means that the most vulnerable children and their families are still in a very precarious position. Low income families find themselves in the same position as last year, with Government again relying on once-off payments rather than addressing income adequacy.

Early Learning and Childcare

Budget 2025 increased maternity, paternity, adoptive and parents benefit. We regret that it failed to invest sufficiently in ECCE to support staff professionalism, expansion of provision through the Irish language and non-contact time.

Reducing the cost of education

Budget 2025 extended the free school books scheme, maintained reduced school transport fees, extended the Hot School Meals programme to all primary schools, increased the maintenance grant threshold and a further one-off reduction in student contributions. While these measures are welcome, some are one off in nature. Government failed to increase the capitation grants sufficiently at primary and second level, made limited progress on reducing pupil teacher ratios and average class sizes, and failed to provide adequate capital investment to ensure that there is a school place available for every child that needs one.

Family homelessness

Budget 2025 failed to expand the remit of Housing First to homeless families accessing emergency accommodation, nor did it introduce a limit to the amount of time a family may spend in emergency housing.

Pathways to access the services children and families need

Budget 2025 failed to increase availability of services. It failed to provide adequate resources to Tusla for child protection and increased social provision for children and families, failed to fully resource the roll-out of Sláintecare infrastructure to enhance access to healthcare for families, failed to provide sufficient investment for Youth Services, and failed to provide sufficient resources to support the provision of universal access to GP care.

Participation in arts, culture and sports opportunities

We regret that Budget 2025 did not direct resources to those children currently excluded from arts, culture and sports activities nor did it resource the Arts Council to embed arts and cultural participation as part of the ECCE framework.

A Widening Income Gap: Government's budget legacy

Budget 2025 marks the fifth Budget of the current coalition Government. The first two of these were presented in the context of the challenging Covid-19 pandemic while the final three were presented during the cost-of-living crisis. The cumulative impact of changes to income taxation and welfare over the Government's five Budgets will be a further widening of the gap between the better off and those on the lowest welfare and work incomes. Budgets 2023, 2024 and 2025 have contained a series of measures to address cost-of-living pressures. They have included temporary measures, such as electricity credits and one-off additional welfare related payments, alongside permanent measures such as changes to the value of core welfare payments and changes to tax credits and bands.

There is a marked difference in the way that these cost-of-living measures have been delivered to households. This is due to the concentration of temporary measures among welfare dependent households and those at work but on low incomes. Conversely, the income gains received by higher income working households are much more associated with permanent measures (income taxation reductions). Once the temporary measures disappear, the income effect associated with these permanent measures will remain and notably widen Irish society's income divisions. Temporary measures contained in Budget 2025 are again more concentrated among welfare dependent households and those at work but on low incomes. However, temporary payments will not carry over to future years income and the relative standing of these households is likely to deteriorate in the near term, widening income gaps and presenting some notable challenges for any future Government to address the income gaps that will have widened.

Regressive Subsidies and Lack of Ambition on Housing

Ireland's housing crisis, spanning almost a decade, is the direct result of continual under-investment which has led to a housing deficit of around 256,000 homes. Recent reports from the Housing Commission, ESRI and Central Bank echo what *Social Justice Ireland* has long warned: housing targets are inadequate, with at least 50,000 housing units needed annually to meet the demand. For years, Government's response to the housing crisis has been categorised by an over-reliance on the private rented sector and the introduction of badly-targeted subsidies which disproportionately benefit those on higher incomes and artificially inflate house and rent prices. Budget 2025 has been no exception.

Homeownership in the State fell between Census 2016 and Census 2022 and now stands at 66 per cent, while the age at which more than half of homeowners own their home has increased by a decade to 36 in 2022. The capacity of a single person to purchase a home is at its worst since 2013, with the price to income ratio increasing from 4.6 in 2013 to 6.8 in 2021. Between 2012 and 2022, residential property prices rose by 75 per cent, private rents by 90 per cent, while wages rose by just 27 per cent.

In response to declining ownership rates and affordability issues, Government introduced demand-side subsidies which artificially inflate incomes and circumvent the Central Bank's macroprudential rules. Budget 2025 extended the Help to Buy Scheme to December 2029, which analysis shows disproportionately supports higher income earners to purchase higher-priced properties. Similarly, with an increase of €80 million to the First Home Scheme, a shared equity scheme with a subsidy of up to 30 per cent of the purchase price, Government policy is maintaining high house prices, rather than investing to increase housing supply. Mortgage Interest Relief was also extended for another year for those who can show an increase in mortgage interest in 2023 and 2024. *Social Justice Ireland* regrets that a more targeted approach was not taken for those struggling with their mortgage payments and support was not provided to those in long-term mortgage arrears.

Budget 2025 committed to the construction of 10,000 social homes, yet this falls short of addressing the ongoing need of at least 115,425 households as estimated by the PBO, and fails to make for the shortfall of 2,557 from 2022 and 2023 targets, and the likely shortfall on the 2024 target, given that just 158 of a target of 9,300 social homes has been built as of Q1 2024. *Social Justice Ireland* has long called for a targeted increase in the proportion of social housing to 20 per cent of all housing stock, which has also been echoed in the Housing Commission's report.

The latest Rent Index Report (Q1 2024) shows that rents have increased to a national average of €1,612 per month. Increasing the Rent Tax Credit to €1000 for this year and next year, while maintaining its current structure will not help low-income renters. The credit is only available to those who earn more than €20,000 annually and who are not in receipt of any housing subsidy. Data by the Revenue Commissioners shows that the distribution of this credit is regressive. Those with an Annual Gross Income of €0-10,000 received an Average Benefit of €1, while those earning between €200,001—250,000 received an Average Benefit of €814. *Social Justice Ireland* regrets that this credit was not converted to a grant or made refundable to benefit low-income tenants.

By not providing adequate investment in construction, particularly social housing construction, at a time of record windfall surpluses, Government has missed the opportunity to grasp the nettle of the housing crisis and provide adequate and sustainable housing for all. Continued reliance on subsidies to the private sector indicates short-term thinking over long-term social and economic benefit.

Failure on Record Homelessness

The number of homeless people accessing emergency accommodation in August 2024 reached a record 14,486 — setting a new high for each passing month. This marks a staggering 71 per cent increase since the introduction of *Housing for All* and a 122 per cent rise since the previous strategy, *Rebuilding Ireland*, was launched in July 2016. This Government is presiding over the worst homelessness crisis on record. The current strategy is not working and Budget 2025 has not provided any alternative solutions.

Family homelessness has increased by 109 per cent since Housing for All was introduced. In August 2024, 2,099 families, including 4,419 children, accessed emergency accommodation. According to the Quarterly Performance Report Q2 2024, over 2 in 5 families have been in emergency accommodation for more than 12 months, while 19 per cent were in the system for more than 2 years. A similar pattern emerges for single-person households in emergency accommodation, with 35 per cent in the system for more than 12 months and 16 per cent for more than 2 years.

Budget 2025 missed the opportunity to use the additional allocation of €303 million to extend Housing First to children and families, instead increasing payments to providers of emergency accommodation. This Government has failed to heed the warnings of human rights organisations on the risks of institutionalising families, risks which are particularly prevalent for children.

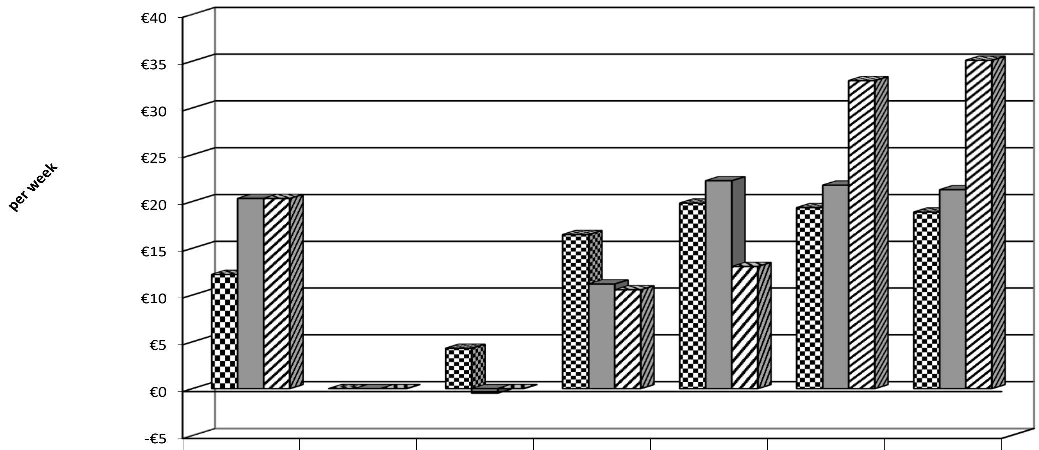
Reforms Must be Implemented

Ireland's vacant homes, derelict properties, and underutilised land represent a largely untapped resource in addressing the housing crisis. Estimates suggest between 102,000 and 164,000 vacant and derelict properties exist nationwide, many of which could be restored to reduce the housing deficit. Additionally, large areas of land remain underutilised. Given the ongoing shortage of housing stock, building new units alone is not sufficient, as many existing units remain unoccupied.

Social Justice Ireland welcomes the move to provide landowners with flexibility to request rezoning of their land to reflect their economic activity under the Residential Zoned Land Tax and look forward to its speedy implementation. We also welcome the increase in the Vacant Homes Tax from five to seven times the annual Local Property Tax and support its effective implementation. While this is a step in the right direction, it is important to recognise that Revenue Commissioners' statistics show a disparity in expectations and reality. In 2023, only 6,425 properties were declared vacant and just 3,795 properties were liable to pay the tax.

Therefore, it is essential to address challenges in implementing these measures and to ensure that no loopholes are exploited. The introduction of a Site Value Tax, long recommended by *Social Justice Ireland* and the Commission on Taxation, could effectively address this and encourage productive use of land.

Chart 6.1: Impact of Income Tax and Headline Welfare Payment Changes from Budget 2025
- all temporary measures (one off electricity credits and welfare top-ups) are excluded



	Unemp	€15,000	€25,000	€50,000	€75,000	€100,000	€125,000
Single	12.20	0.00	4.32	16.46	19.83	19.35	18.87
Couple 1 Earner*	20.33	0.00	-0.48	11.19	22.22	21.74	21.27
Couple 2 Earners*	20.33	0.00	0.00	10.56	13.05	32.92	35.09

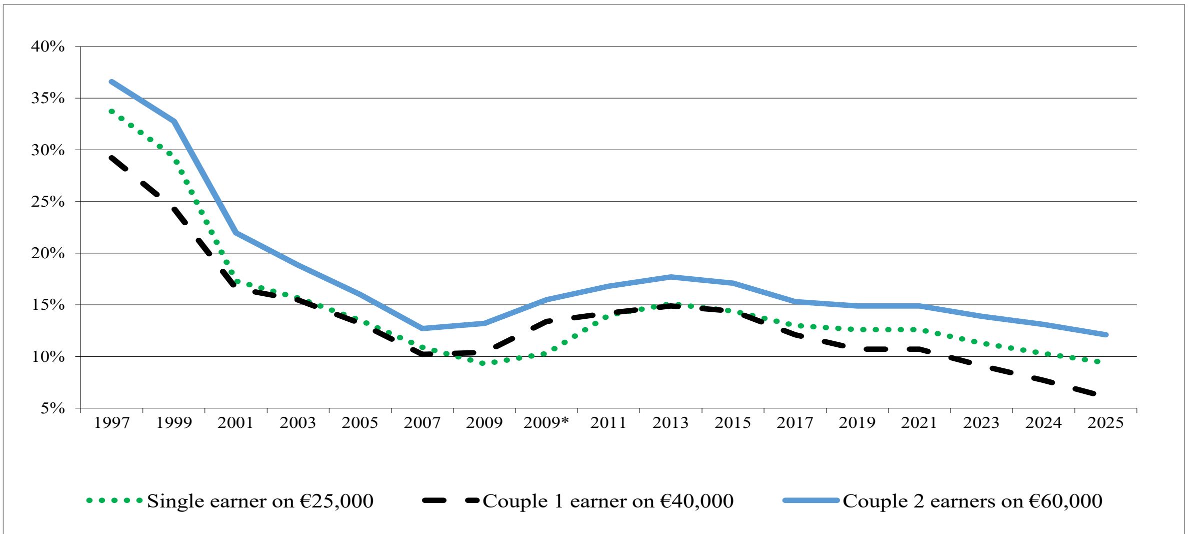
Notes: * Except in case of the unemployed where there is no earner. Unemployed aged 26 years plus and on jobseekers allowance. All other earners have PAYE income. Couple with 2 earners are assumed to have a 65%/35% income division. Lower income earners may also benefit from an increase in the minimum wage. We examine the impact of permanent and temporary measures on page 8.

Table 6.1: Effective Tax Rates following Budgets 2014, 2024 and 2025

Income Level	Single Person			Couple 1 Earner			Couple 2 Earners		
	2014	2024	2025	2014	2024	2025	2014	2024	2025
€15,000	2.7%	0.8%	0.8%	2.7%	0.8%	0.8%	2.0%	0.0%	0.0%
€20,000	11.1%	4.7%	3.5%	7.6%	3.4%	3.5%	2.3%	0.0%	0.0%
€25,000	15.1%	10.3%	9.4%	8.3%	5.3%	5.4%	2.5%	0.6%	0.6%
€30,000	17.7%	13.2%	12.3%	9.5%	5.7%	5.6%	5.6%	1.9%	1.9%
€40,000	24.8%	16.9%	16.0%	14.9%	7.7%	6.1%	9.9%	6.1%	3.8%
€60,000	33.9%	26.6%	25.0%	26.6%	17.5%	15.5%	17.7%	13.9%	12.1%
€100,000	41.1%	36.4%	35.4%	36.8%	30.9%	29.6%	30.2%	23.9%	20.6%
€120,000	42.9%	39.0%	38.2%	39.3%	34.4%	33.4%	33.8%	28.2%	25.4%

Notes: Total of income tax (including USC), levies and PRSI as a % total income. Couples assume: 65%/35% income division. PAYE earners.

Chart 6.2: Effective Income Tax Rates in Ireland, 1997-2025



Notes: Total of income tax (including USC), levies and PRSI as a % total income. Couples assume a 65%/35% income division. PAYE earners. 2009* refers to a supplementary Budget in that year.

‘Permanent’ Income Gains from Budget 2025

Budget 2025 has included a combination of measures for both the current year (2024) and next year (2025). In Chart 6.1 (p6) we focus on the additional income that households will receive in 2025 as a result of permanent changes to income taxation and headline welfare rates.

Therefore, we are focused on the effect of changes to income tax bands, tax credits, and both USC and PRSI rates and thresholds. Our comparison is to the outcome at the end of 2024, again excluding temporary measures in that year. The temporary measures we exclude are all the once off cost of living payments including electricity credits, and all one-off welfare payments. The recurring Christmas bonus welfare payment is included. The analysis provides a clearer picture of the ongoing impact of the Budget’s tax and welfare measures on the income distribution (see also p 3).

In our calculations we have not included any changes to other welfare allowances and secondary benefits as these payments do not flow to all households. Similarly, we have not included changes to other taxes (including indirect taxes, property taxes, rental credits etc) as these are also experienced differently by households. Some lower income earners may also benefit from the increase in the minimum wage.

Chart 6.1 shows that it is those households with the higher incomes that will gain most from permanent changes in Budget 2025. There are welcome gains for the unemployed; although less than we argued for (see p 3). The chart also highlights how, once again, the Budget has provided limited gains for low income working households.

Effective Income Tax Rates after Budget 2025

Central to a thorough understanding of income taxation in Ireland are effective tax rates. These rates are calculated by comparing the total amount of income tax a person pays with their pre-tax income. For example, a person earning €50,000 who pays €10,000 in tax (after all credits and allowances) will have an effective tax rate of 20%. Calculating income taxation in this way provides a more accurate reflection of the scale of income taxation faced by all earners.

Following Budget 2025 we have calculated the effective tax rates for next year faced by a single person, a single income couple and a couple with two earners. Table 6.1 (p 6) presents the results of this analysis. For comparative purposes, the effective tax rates for people with the same income 10 years ago and this year are also presented.

The measures adopted in Budget 2025 provide another notable reduction in income taxation; building on large reductions in 2024. In 2025, for a single person with an income of €25,000 the effective tax rate will be 9.4%, rising to 16.0% for an income of €40,000 and 38.2% for an income of €120,000. A single income couple will have an effective tax rate of 6.1% at an income of €40,000, rising to 15.5% for an income of €60,000 and 33.4% for an income of €120,000. In the case of a couple where both are earning and their combined income is €60,000 their effective tax rate is 12.1%, rising to 25.4% for combined earnings of €120,000.

As chart 6.2 (p 6) shows these effective tax rates have decreased considerably over time for all earners.

Ireland’s Overall Tax Take Remains Inadequate

Data accompanying Budget 2025 outlines Government’s plans for taxation and spending over the next 6 years (to 2030). Over that period, assuming the policies signalled by Government are followed, overall tax receipts will climb from €105.4bn in 2025 to €126.5bn in 2030.

While the consequences of the Ukraine war and cost-of-living crisis means that Budget 2025 has been framed in a period of continued uncertainty, it is a regret that it did not provide a more strategic perspective on the long-term direction of fiscal policy ignoring the clear message from the Commission on Taxation and Welfare and recent publications from the Fiscal Advisory Council. The bumper and unexpected corporation tax gains of recent years highlight the unsustainable nature of a large part of our tax revenue; money that has generally been spent over recent years and has allowed the political system to avoid engagement with the reality of how inadequate our sustainable tax base is.

Social Justice Ireland believes that over the next few years policy should focus on increasing Ireland’s sustainable tax take. Simply, an increase in Ireland’s overall level of taxation is unavoidable in the years to come; even to maintain pre-pandemic levels of public services and supports. Consequently, it is a question of how, rather than if, and we believe it should be of a scale appropriate to maintain current public service provisions while providing the resources to build a better society. In other publications we have outlined the details of our proposals in this area.

As a policy objective, Ireland should remain a low-tax economy, but not one incapable of adequately supporting necessary economic, social and infrastructural requirements. We regret that Budget 2025 made limited progress on this issue.

Analysis of Government’s Measures, 2020-2025

Budget 2025 marks the fifth and final Budget of the current coalition Government. On this page we track the cumulative impact of changes to income taxation and welfare over the Government’s five Budgets – we do so by comparing the disposable income of households in 2025 with their disposable income when the Government took office in 2020. The analysis captures the taxation and welfare measures from those Budgets but ignores the €125 energy support credit for 2025 as this measure is once-off.

At the outset it is important to stress that our analysis does not take account of other budgetary changes, most particularly to indirect taxes (VAT and excise), other charges (such as prescription charges) and property taxes. Similarly, it does not capture the impact of changes to the provision of public services. As the impact of these measures differs between households it is impossible to quantify precise household impacts and include them here.

The households we examine are those tracked in our annual income distribution model. They are spread across all areas of society and capture those with a job, families with children, those unemployed and pensioner households.

Comparing 2020 to 2025 for households with jobs, the weekly income gains experienced range from almost €3.34 per week (for low-income couples on €30,000) to €110-120 per week for couples with joint earnings of over €100,000. The analysis highlights how low-income working families, those with incomes below the standard rate income tax threshold, have gained least from this Government’s measures.

Among households dependent on welfare the gains have ranged from €42 per week for single unemployed individuals to €98-114 per week for couples with 2 children.

By looking at the permanent (rather than once-off temporary) changes to income taxation and welfare rates our analysis provides a clearer picture of the distributive record of the current Government. Despite welcome welfare increases, particularly for families with children, it is the highest earners who have gained most over the five budgets; further opening income gaps in Irish society.

Our analysis highlights the underlying distributive impact of the last five budgets

Chart 8.1 Cumulative Tax and Benefit Increase in Weekly Income, 2020-2025- Welfare Dependent Households

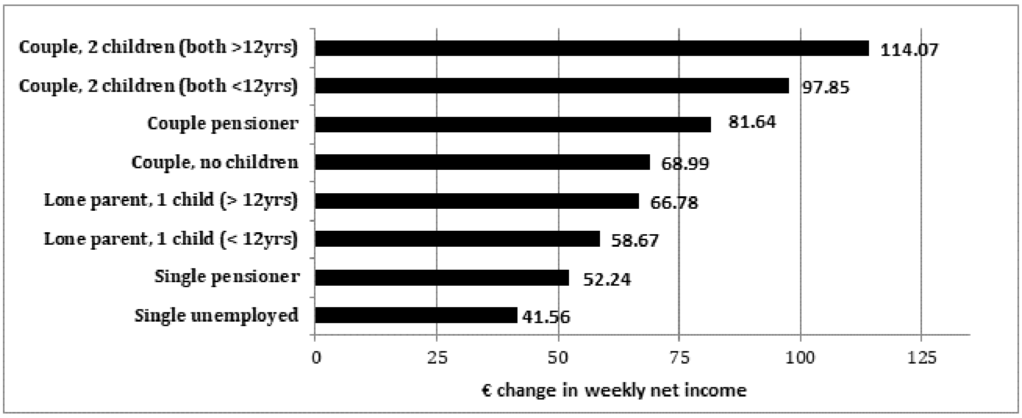
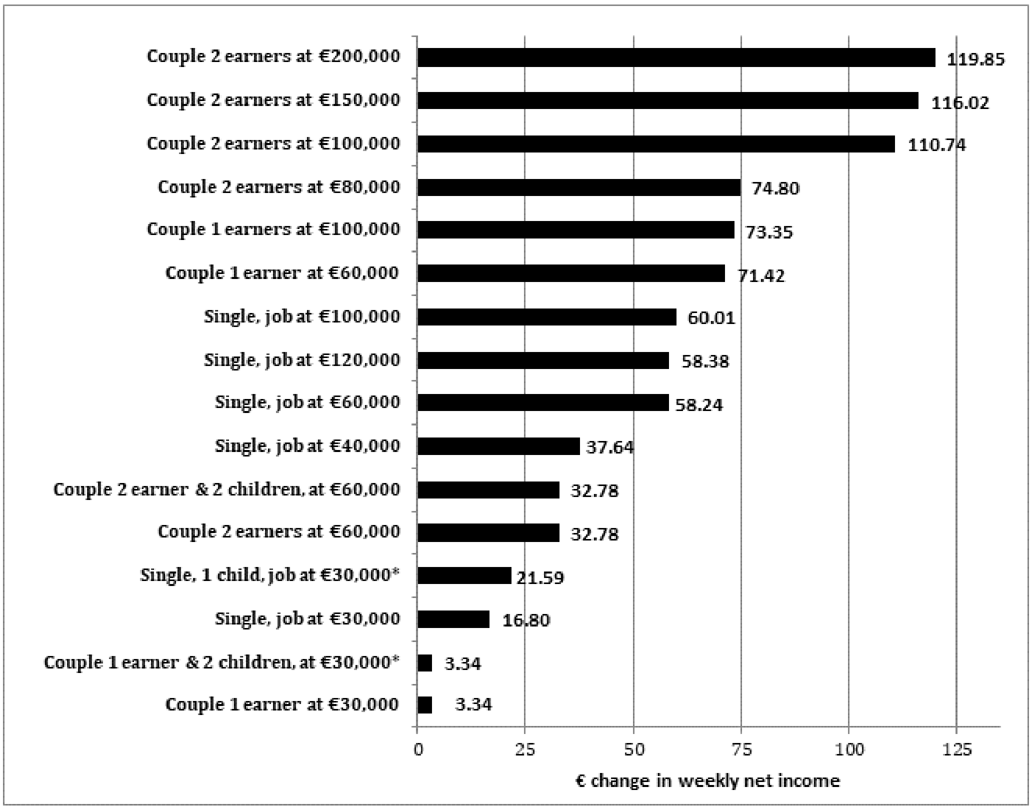


Chart 8.2 Cumulative Tax and Benefit Increase in Weekly Income, 2020-2025- Households with Jobs



Source: *Social Justice Ireland* Income Distribution Model. **Notes:** the results exclude any temporary income supports scheduled for 2025; *Depending on circumstances, these households may also be entitled to the Working Family Payment; Couple 1 earner is assumed to receive the Home Carer Tax Credit; Our May 2024 publication, *Tracking the Distributive Effects of Budget Policy 2024 Edition*, provides a further breakdown of the mix of permanent measures and temporary income supports over recent years and it is available on our website.

Ireland's Rich-Poor Gap & Middle-Poor Gap

As well as tracking the post-Budget income levels of different households (see pp 6-8), *Social Justice Ireland* is also focused on assessing how income divides in Irish society change following the adoption of Budgetary policies.

There is merit in undertaking this analysis for each Budget and also over multiple years so that the cumulative effects of Budgetary policies are captured. To achieve this, we track two measures, income gaps that provide a useful barometer of the short-term and medium-term trends in income inequality in our society.

Table 9.1 The Rich-Poor and Middle-Poor Gaps following Budget 2025

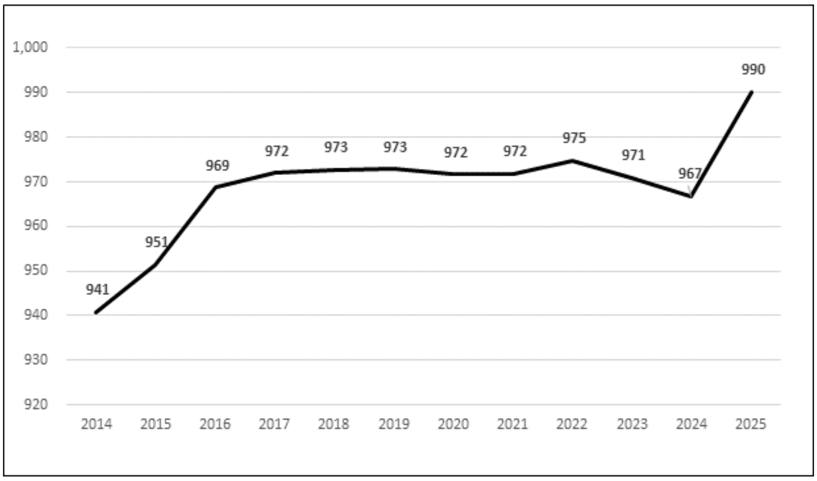
Rich: individual earner on €100,000 per annum

Middle: individual earner on €40,000 per annum

Poor: individual on jobseekers benefit

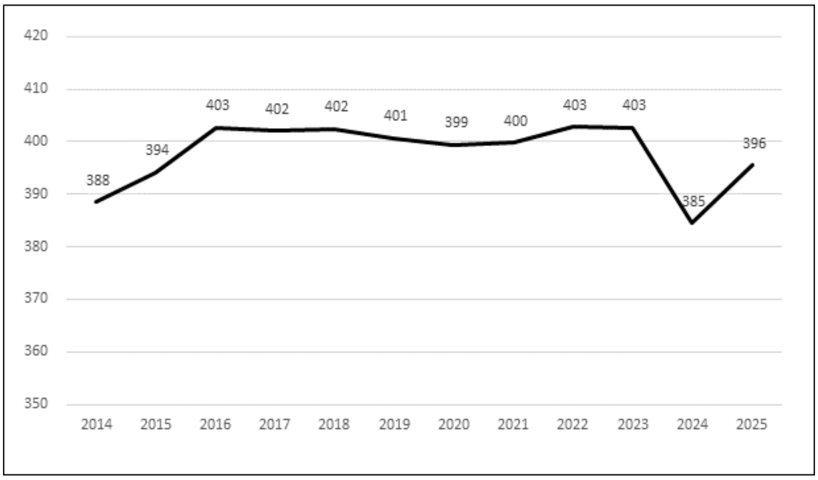
	Rich-Poor Gap	Middle-Poor Gap
Annual gap	€51,666	€20,639
Gap per week	€990	€396
Budget 2025 change in weekly gap	**+€23.27**	**+€11.00**
Budget 2025 change in annual gap	**+€1,214**	**+€574**
2020-2025 Change in gap per week	***+€18.45***	***- €3.92***
2020-2025 Change in gap per year	***+€963***	***- €204***

Chart 9.1 The Rich-Poor Gap, 2014-2025 (€ per week)



Notes: Analysis presents the measures as announced in each annual Budget including temporary supports for that budgetary year. 2025 measures include welfare and income taxation changes announced for 2025 plus any cost-of-living supports planned for 2025.

Chart 9.2 The Middle-Poor Gap, 2014-2025 (€ per week)



Notes: See notes to Chart 9.1

The gap between those with the highest incomes and those on the lowest has widened as a result of policy choices made by this Government

The Rich-Poor gap

This gap monitors the income of single individuals on jobseekers' allowance ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €100,000 ('rich'). An annual income of €100,000 is chosen as representing very high income earners – it represents the top 6.5% of earners (180,000 earners) according to Revenue Commissioners data and is over twice average earnings.

As a result of all of the tax, welfare and one-off temporary measures adopted in Budget 2025, the rich-poor gap will increase by €23 per week (€1,214 per annum) in 2025. The cumulative rich-poor gap will stand at €990 per week (almost €52,000 per annum) in 2025. Although the gap decreased as a result of some cost-of-living supports in recent years, next year it will climb to its highest level since our analysis commenced.

Over the course of this Government (2020-2025), the rich-poor gap has widened by €18.45 per week (€963 per annum) meaning the gap between those with the highest incomes and those on the lowest has widened as a result of policy choices - an outcome we regret.

The Middle-Poor gap

The middle-poor gap monitors the income of single individuals on jobseekers' allowance ('poor') and the disposable income (after income taxation and employee social insurance) of a single PAYE worker earning €40,000 ('middle').

As a result of all the measures adopted in Budget 2025, the middle-poor gap grew. The cumulative middle-poor gap will be €396 per week (€20,639 per annum) next year. Over the course of this Government (2020-2025), the middle-poor gap decreased (by €3.92 per week); an outcome driven by the limited gains provided to low income worker paying income tax at the standard rate over the past few years.

Managing Windfall Gains

Last year, two new funds were introduced: the *Infrastructure, Nature and Climate Fund* and *Future Ireland Fund.* This year, it was indicated that €16bn would be made available through these funds over the next few years. While it is prudent to reserve windfall gains for long-term public expenditure, it is concerning that no detailed action plan has been provided on how these funds will be utilised, even a year after their introduction.

With windfall gains expected to remain roughly unchanged from 2024 to 2027, averaging €15 bn per annum, it is crucial to carefully manage and strategically invest these resources in one-off infrastructure projects. We believe that Government, through a social dialogue process, should use this revenue as the foundation of a new social contract. This would commit the state and social partners to improving economic management with a view to enhancing standard of living, quality of life and wellbeing of all the republic's residents. Strategic investment in infrastructure is not just necessary to meet current demand but is also critical to securing Ireland's future economic success and social cohesion.

PRSI Increase: still inadequate

Building on last year's initiative, Budget 2025 included a further increase in PRSI rates. All PRSI rates, both for employees and employers, will increase by an additional 0.1% from October of 2025. This will bring the employee rate to 4.2% and that paid by most employers to 11.25%.

While we welcome this increase in PRSI, we note that it does not adequately address the anticipated future shortfalls in the social insurance fund, particularly in light of Ireland's ageing population. We regret that Budget 2025 did not increase the rate by 0.5%, as recommended by *Social Justice Ireland,* which could have raised an additional €900 million in 2025.

Social Justice Ireland encourages the government to consider more substantial increase and to repeat this initiative annually in the decades to come, not just until 2028. Ireland's PRSI rates are low in international terms, and as the population ages there is a need to maintain a sustainable basis for providing the necessary benefits and supports from the social insurance fund.

Tax Breaks: a warning

A worrying aspect of Budget 2025 is the scale of tax expenditures, or tax breaks, that have been included as part of the measures announced by the Minister for Finance. It is a reminder of past budgets, and past mistakes, when similar populist strategies were adopted with notable and negative consequences for the sustainability of the tax base and tax take. The Budget includes tax breaks for many measures including:

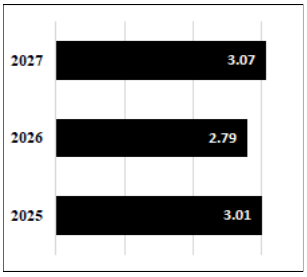
- Audio-Visual Sector;
- The Research and Development costs of companies;
- Capital allowances;
- Intergenerational wealth transfers;
- Profits made from start-up investments; and
- Mortgage Interest Relief.

The absence of detailed documentation to accompany these expensive measures, and justify their creation or extension, is a concern. It repeats mistakes made before and is a regret.

Debt Costs Remain High

Ireland, like all other European countries and most other developed world states, relied on large scale borrowing to cope with the Covid-19 pandemic. Despite current windfall Corporate Tax revenues Ireland continues to have a large level of national debt and there are challenges associated with this in a period where debt interest costs remain high. Chart 10.1 reports the expected costs over the next few years. *Social Justice Ireland* believes that Government should prioritise the development of a European-wide debt warehousing strategy for the additional debt brought on by the Pandemic. This debt should be separated from the existing national debt and financed by a 100 year ECB bond with a near-zero interest rate.

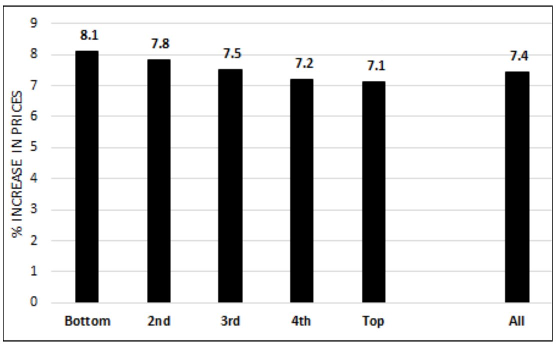
Chart 10.1 Debt Interest Cost €bn



Cost of Living Pressures Hit Lower Income Households Hardest

The rapid increase in prices in the past few years has posed particular challenges for low-income households throughout Ireland. Cost-of-living pressures remain high as wages struggle to keep pace with rising prices. This challenge is evident in the CSO SILC data, which shows that enforced deprivation increased to 17.3% in 2023. The CSO data provides an estimate of the experience of these price increases across the income distribution. Using detailed expenditure data, the CSO shows that while all households are experiencing significant price increases (7.4% over the period), the impact of inflation is greatest for households in the bottom 20% (bottom quintile) of the income distribution. Given that these lower income households spend a greater proportion of their income compared to better off households, they have been more exposed to price increases. They also spend a greater proportion of their income on areas that experienced significant price increases like food, housing and energy. Policy will need to more effectively target these low-income households and assist with the high costs they face. While many Budget 2025 initiatives are welcome; more will be needed as cost of living pressures continue.

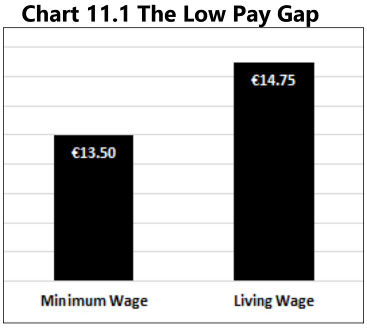
Chart 10.2 Inflation as Experiences across the Income Distribution - ***CSO data Jan 2022—Sep 2023 by income quintile***



Minimum Wage Welcome

Social Justice Ireland warmly welcomes the Budget 2025 decision to increase the minimum wage by €0.80 per hour, bringing it to €13.50 per hour in 2025. The increase of 6 per cent reflects the recommendation of the Low Pay Commission and is a step in the right direction towards addressing low pay. The gross income of a low paid full-time worker on the minimum wage will be €31.20 per week (€1,622.40 per annum) higher in 2025 following this decision.

Chart 11.1 The Low Pay Gap



We welcome this as part of a move towards adopting a Living Wage and tackling low pay. However, the new rate is still €1.25 below the Living Wage of €14.75 as calculated by the Living Wage Technical Group.

Rural Ireland

We welcome the continued National Broadband funding and the additional funding for rural development, albeit limited. Budget 2025 failed to deliver the necessary resources in areas such as regional development, public and active transport and public services and infrastructure required to reinvigorate the regions and build thriving and resilient rural communities. *Social Justice Ireland* proposed a regional investment package of €310m including €100m for regional development and transition aimed at sustainable agriculture, developing local cooperatives, supporting indigenous enterprises with a focus on the digital and green transitions, and promoting and supporting rural living. We regret that Government did not sufficiently invest in supporting rural Ireland becoming a realistic and attractive option for workers and for businesses, and to build resilience in the face of climate challenges. Overall the measures in Budget 2025 are insufficient to meet the challenges that rural areas face.

Older People

The number of people aged 65+ now stands at 776,315, accounting for over 15 per cent of the population. More than 1 in 4 people aged 65+ live alone, increasing to 44 per cent for those aged 85+. Poverty among older people would have doubled in 2023 without one off cost of living measures, pointing to a failure to address the structural issues facing this cohort. *Social Justice Ireland* welcomes the increase of €12 per week to the State pension, the additional Cost of Living Payment, the additional €300 to Fuel Allowance recipients, the additional €200 to Living Alone Allowance recipients, and the €400 payment for older people on the Disability Pension and Blind Pension, but regret that these are grossly insufficient to cover inflation. It is disappointing that Government did not take the opportunity to reform and universalise the State pension. While we note the increased income threshold for Housing Adaptation we regret that the overall funding falls far short of the necessary multi-annual funding to restore the Grants to 2010 levels.

Disability

According to the latest Census data, 22 per cent of the population (1.1 million people) are living with a disability. The group in Irish society with the highest risk of poverty are those who are unable to work due to long-term illness or disability, at almost three times the national average. They are also twice as likely to be experiencing deprivation.

Social Justice Ireland welcomes the increase of €12 per week to the disability payment and €400 one off Cost of Disability support. We regret that Budget 2025 failed to take the necessary steps to improve services and funding for children and adults with a disability. The failure of Budget 2025 to introduce an ongoing cost of disability payment despite the findings of the Cost of Disability in Ireland report is concerning. The costs of disability are clear, and they are not one off. If disabled people are to be equal participants in society, the extra costs generated by their disability should not be borne by them alone. Progress on this issue is long overdue.

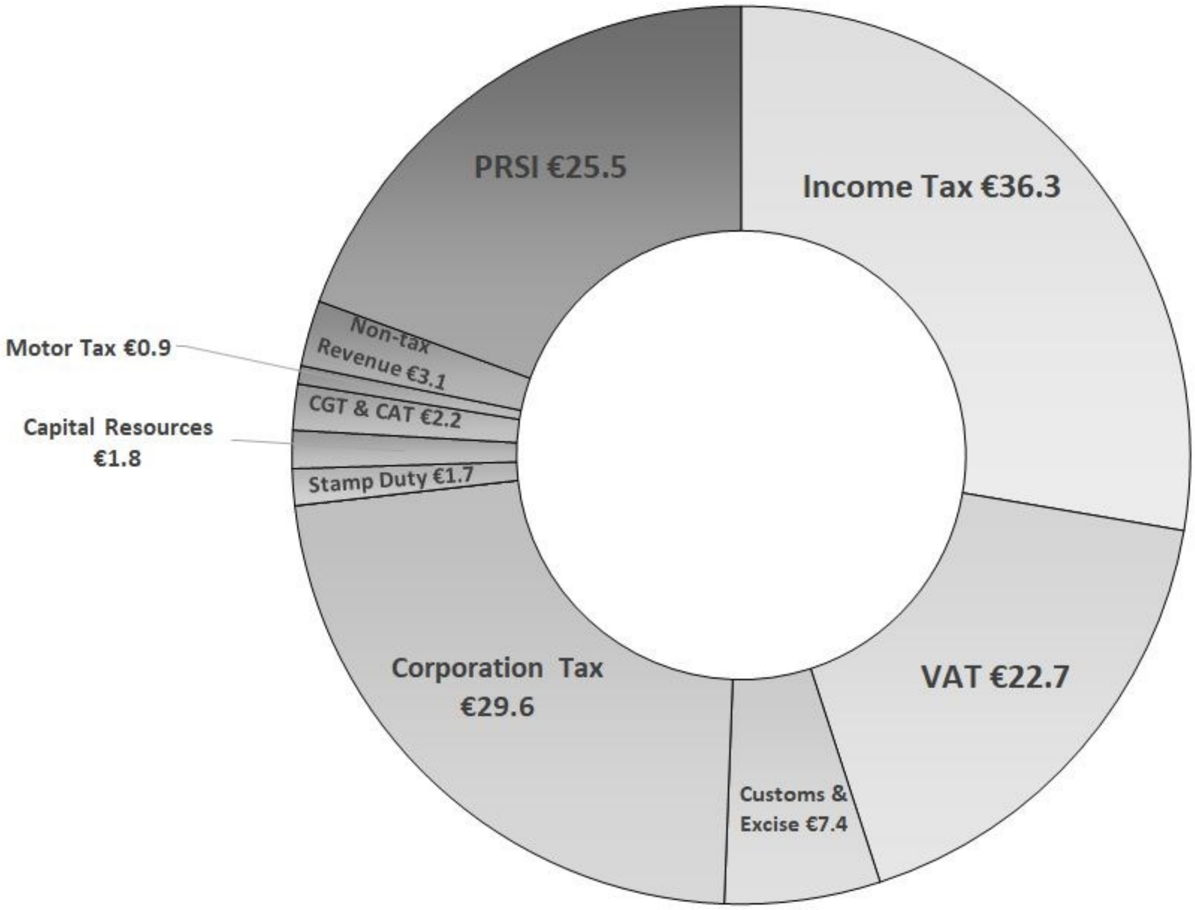
Just Transition

Social Justice Ireland welcomed the establishment of the Just Transition Commission earlier this year. We welcome the allocation of €3bn to the Infrastructure, Climate and Nature Fund to 2030, and the additional funds of €51m from carbon tax revenues to support a Just Transition but regret the lack of detailed spending plans. We regret that Budget 2025 did not contain the necessary investment to support the Just Transition Commission, including the secretariat function, and the delivery of sectoral transition targets across industry, energy, transport and agriculture. Transition is not just about reducing emissions. It is also about harnessing the benefits to transform both our society and our economy. While Budget 2025 contained some welcome measures, the long-term strategic investment required to build and deliver the services and infrastructure to support a Just Transition and a Just Transition Dialogue nationally was absent.

Sustainability

The increased resources for the Warmer Homes Scheme is welcome, as is additional funding for solar and community energy upgrades and the reduced 9 per cent VAT rate for heat pumps. We welcome the allocation of €750m from sale of AIB shares to upgrade the national grid, but regret the lack of progress towards improving access to the RESS auction, community energy advisors and enhancing our storage capacity. Budget 2025 was a missed opportunity to introduce a pilot Building Renovation Passport Scheme and a pilot Farm Sustainability Passport Scheme. We regret the lack of progress on ending fossil fuel subsidies and the failure to introduce a Commercial Air Transport Tax. Virtually all businesses continue to contribute to national climate targets through carbon taxes and challenging sectoral emissions ceilings. The exception is the highly profitable aviation industry.

Main Sources of Government Revenue - Budget 2025 €bn



Source: Data on pages 12 and 13 of this document are from various Budget documents published by the Department of Finance and the Department of Public Expenditure, NDP Delivery and Reform. The diagrams outline the main areas of income and expenditure for the coming year.

Year-to-year Revenue Changes, €bn

Here we compare the expected revenue from last years Budget to that proposed on this occasion. The comparison is not perfect as it does not capture unexpected increases or decreases in revenue during the current year or during next year. However it does provide an insight into the direction of policy choices and their outcomes.

Income Tax ↑ €2bn

VAT ↑ €0.9 bn

Corporation Tax ↑ €5.1bn

PRSI ↑ €2.1bn

Key Government Revenue Sources in 2025

Income tax = 28% of all revenue

VAT = 17% of all revenue

Corporation tax = 23% of all revenue

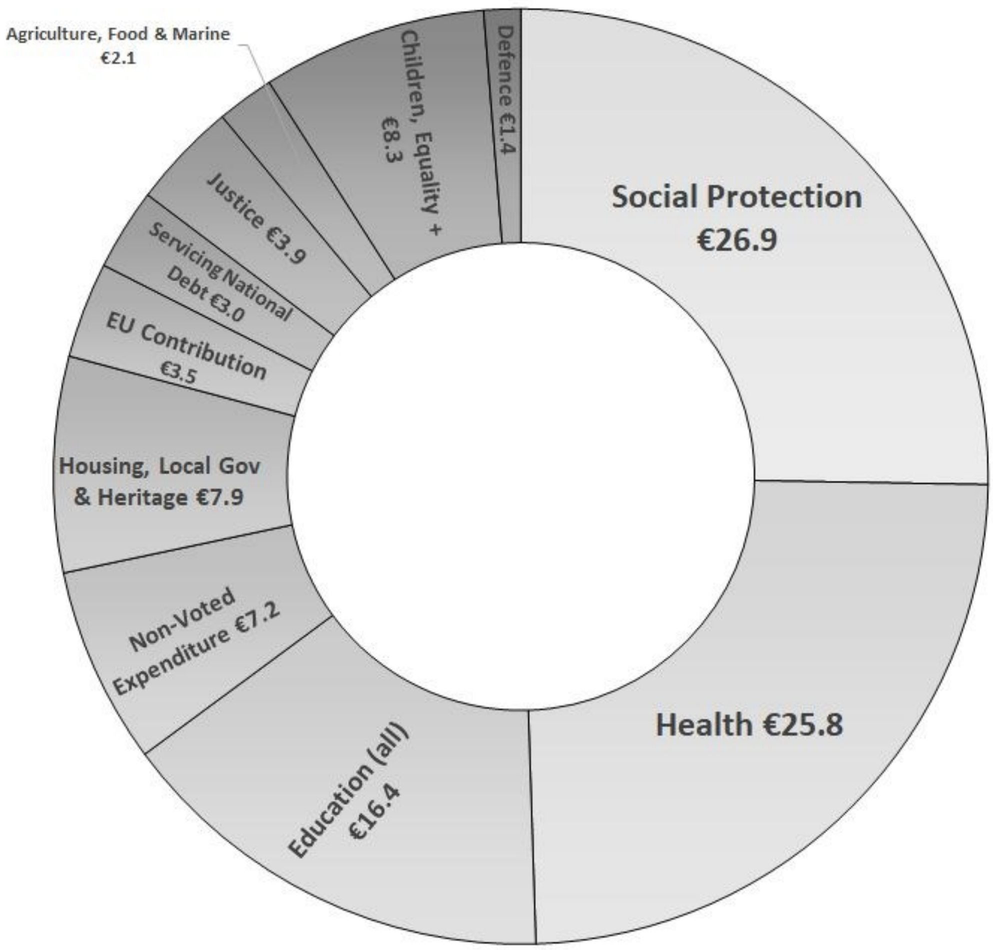
Social Insurance = 19% of all revenue

Main Revenue Changes for 2025

- Standard Rate income tax threshold increased to €44,000.
- Reduced the 4 per cent rate of USC to 3 per cent.
- Extended the Help to Buy Scheme to 2029.
- PRSI increase by 0.1% from 1st October 2025

See pages 14 and 15 for further details and our response

Main Sources of Government Expenditure - Budget 2025 €bn



Source: Data on pages 12 and 13 of this document are from various Budget documents published by the Department of Finance and the Department of Public Expenditure, NDP Delivery and Reform. The diagrams outline the main areas of income and expenditure for the coming year.

Year-to-year Expenditure Changes €bn

Here we compare the current expenditure allocations from last year's Budget to those proposed for a number of the main areas of expenditure on this occasion. The comparison is not perfect as there may be overspends and underspends within various Budgets during the current year or during next year.

Social Protection ↑ €2.3bn

Health ↑ €4.3bn

Education ↑ €1.9bn

Debt Servicing ↓ €0.7bn

Notable Expenditure Developments for 2025

- The **Social Protection** budget in 2025 includes an increase in all core social welfare rates of €12 per week and an increase in all Child Support Payments (formerly qualified child payments).
- The **Health** budget in 2025 includes €53.5m to fund 459 new and 455 replacement beds in Acute and Community Hospitals.
- The **Education** budget provides increased funding for 768 additional special education teachers and 1,600 additional Special Needs Assistants (SNAs).
- The **Further and Higher Education, Research, Innovation and Science** budget includes an increase in maintenance grant rates and thresholds in 2025.
- **Debt servicing** will amount to €3bn in 2025.

Each of these areas of expenditure, and others, are analysed in more details throughout this document.

Taxation

The Context

- *Social Justice Ireland* believes that the core policy objective on taxation should be to collect sufficient taxes to ensure full participation in society for all, through a fair tax system in which those who have more pay more, while those who have less pay less.
- Anticipated tax revenue for 2025 is €105bn, almost the same as 2024. In addition, Ireland will receive the €14bn Apple windfall by next year.
- The estimated €14bn from the Apple judgement should not be used as an excuse to reduce taxes.
- *Social Justice Ireland* welcomed many of the recommendations of the Commission on Taxation and Welfare, notably recommendation 4.1, i.e. increasing taxation and social insurance to meet long-term fiscal challenges.
- OECD BEPS Pillar 2 proposal for larger firms was adopted at an effective tax rate of 15%, however, R&D corporation tax credit was also increased to 30%.
- We believe that Ireland's overall level of taxation should be €25,822 per capita in 2024, increasing each year in line with growth in nominal GNI*.
- Key to enhancing fairness in the tax system is greater scrutiny of tax expenditures, which should be included as part of the annual Budget process. The latest data shows that 97 out of 130 tax breaks amounted to €7.1bn per annum in revenue foregone.
- The concentrated tax base poses a threat to fiscal sustainability. Without windfall tax receipts, the 2024 general government balance is projected to have a deficit of €4.6bn. Ireland must broaden its tax base and increase tax revenue to avoid future income shocks.

The Budget

Income Tax

- Increased the Standard Rate Cut-off point by €2,000.
- Increased tax credits:

  By €125: Personal, Employee, Earned Income,

  By €150: Home Carer, Single Person Child Carer,

  By €300: Incapacitated Child, Blind,

  By €60: Dependent relative.

Full-year cost: €1,290m.

USC

- Increased the 2% Rate Band Ceiling by €1,622.
- Reduced the 4 per cent rate to 3 per cent.

Full-year cost of USC changes: €540m.

Support for SME/Enterprise/Agri sectors

- Extended relief for angel investors .
- Extended Capital Gains Tax Retirement Relief.
- Extended Tax Reliefs for Investment in Corporate Trades.
- Introduced new Tax Credit for unscripted audio visual production
- Introduced a 'Scéal Uplift' for feature films.
- Increased the Small Benefit Exemption to €1,500.
- Increased Farm Stock Reliefs.
- Extended CAT Agricultural Relief.

Full-year cost of measures: €196m.

Housing

- Extended the Help to Buy Scheme to 31/12/2029.
- Increased Rent Tax Credit by €250.
- Extended tax relief for pre-letting expenses.
- Increased vacant homes tax to seven times LPT charge.
- Increased rate of Stamp Duty on bulk residential purchases to 15 per cent.
- Residential Zoned Tax amended to provide targeted exemption.
- Extended Mortgage Interest Tax Relief for another year.

Full-year cost: €215m.

Climate and Environment

- Increased Carbon Tax to €63.50 per tonne.
- BIK exemptions for home chargers.

Full year yield: €153m.

Excise Duty

- Introduced new e-liquid tax.
- Increased duty on 20 cigarettes.

Full-year yield €87m.

VAT

- Extended 9 per cent VAT for gas and electricity to 30/04/2025.

Full-year cost of VAT measures: €138m.

VRT

- VRT reductions for certain commercial and Category B vehicles.

Full-year cost: €3m.

CAT

- Increased CAT thresholds.
- Extended Agricultural Relief.

Full year cost €103m.

Bank levy

Extended. Yield in 2025: €200m.

Our Response

It is remarkable that little attention has been given to consolidating the tax base for future generations.

Social Justice Ireland welcomes:

- Increases in tax credits.; however, the increases should have been higher.
- The adjustment in the 2% USC Rate Band to accommodate the increase in the National Minimum Wage.
- Confirmation that the Carbon Tax increase will go ahead in 2024.
- The increase in the excise tax on cigarettes and tobacco products and the new tax on e-liquids.

Taxation (continued)

Our Response

- The increase in the Vacant Homes Tax.
- The increased Stamp Duty on bulk residential purchases.
- The early introduction of the Residential Zoned Land Tax.

Social Justice Ireland regrets

- The Help to Buy Scheme should not have been extended as it does not address the supply issue.
- The Rent Tax Credit should have been converted into a Renters' Grant.
- The Mortgage Interest Tax Relief is poorly targeted and will not reach many of those who are most in need of assistance.
- The extension of pre-letting expenses relief will not increase housing supply.
- The CAT thresholds should not have been increased.

Many 'tax' opportunities were missed in Budget 2025, including:

⇒ Making Personal Tax Credits refundable.

⇒ Standard-rating discretionary tax expenditures.

⇒ Increasing the Minimum Effective Tax rate for higher earners.

⇒ Introducing a Minimum Effective rate of Corporation Tax.

⇒ Introducing a Site Value Tax.

⇒ Increasing the rates for Capital Gains and Capital Acquisitions taxes from 33 per cent to 35 per cent.

⇒ Removing the refundable element of the R&D Tax Credit.

Education

The Context

- Our education system faces significant demographic pressures at all levels. It must address existing inequalities, meet the needs of pupils fleeing war in Ukraine, and provide supports and school places at all levels for students with special educational needs. This will require significant and sustainable capital and current expenditure on education.
- Ireland's class sizes have long been above the EU average, particularly at primary level.
- Despite progress, outcomes for students from disadvantaged backgrounds across all levels of education remain well below their peers.
- A multi-generational lifelong learning, skills development, apprenticeship and reskilling strategy is crucial to meet the challenges of climate transition and digitisation.

The Budget

- Funded an additional 1,600 additional SNAs and 768 special education teachers and increased school capitation grants.
- Extended Free School Books Scheme to Leaving Certificate.
- Waived Junior and Leaving Certificate Fees for 1 year and extended reduced school transport fees for a further year.
- Extended Hot School Meals programme to all primary schools.
- Allocated €150m from National Training Fund by 2030 to address core funding gap in Higher Education.
- Allocated €5m to support students with disabilities in Further and Higher Education.
- A one off reduction of 33% in student fees for apprenticeships and of €1,000 in the student contribution and a one off increase in the postgraduate fee contribution grant and a €10m allocation to the Student Assistance Fund.
- Increased student maintenance grant, contribution grant, postgraduate contribution and part-time fee thresholds.

Our Response

- We welcome the additional SNAs and additional special teaching posts. It is unclear how the current number of overall teaching posts is sufficient to deal with demographic pressures at primary and secondary education.
- We regret the lack of progress on increasing school places for students with additional needs.
- We regret there was no progress on the expansion of the JCSP Library Programme to all DEIS schools given the scale of funds available for infrastructure projects.
- We welcome the increased school capitation grants, however regret the lack of clarity on long-term funding for schools to cope with increased costs.
- We welcome the extension of the Free School Book scheme to senior cycle and the extension of the Hot School Meals programme to all primary schools.
- We regret that Government did not commit to reducing class sizes and the pupil teacher ratio by 1 per cent to 2030.
- We welcome the one-off reduction of €1,000 in the student contribution at higher level, and the one-off increase of €1,000 in Postgraduate Fee grant.
- We welcome the acknowledgement of the need to bridge the core funding gap in higher education and the allocation of €150m from the NTF to address this, although it is still short of what is required and reduces the overall budget available for training and skills development.
- We note the need for a comprehensive plan to resource the recurrent core funding needs of further and higher education.
- We welcome increased funding for measures to support students with disabilities and those measures to address accommodation costs that students face.

Social Protection

The Context

- In an Ireland with 'full employment' and a considerable Budget surplus, high rates of poverty and inequality still persist. Choices made at Budget time should focus on those with the lowest incomes and ensure that Ireland provides income adequacy in the social protection system.
  - ⇒ 10.6 % of the population, 559,800 people, are 'at risk of poverty'
- Inflation between 2020 and the end of 2025 is projected to be 24%. Inflation impacts low and fixed income households disproportionately. Budget 2025 did not protect the living standards of those furthest behind.
- The percentage of the population experiencing deprivation has increased from 13.7% in 2021 to 17.3% in 2023 (latest available statistics), that's 914,000 people. People are having to go without as the real value of social welfare rates has been eroded.
- Targeted permanent supports for vulnerable groups are what is needed to make a lasting impact.
- Government has clear anti-poverty commitments in the Roadmap for Social Inclusion by 2025 and the United Nations Agenda 2030. Budget 2025 is yet another budget that has not adequately addressed the problem and is moving us even further away from effectively tackling poverty.
- Poverty is estimated to cost the state €4.5bn a year; investing in its eradication makes sound fiscal sense.
- *Social Justice Ireland* has called on Government to benchmark social welfare rates to 27.5 per cent of average weekly earnings beginning with an increase of €25 a week in Budget 2025.

The Budget

- Increase to most weekly primary social welfare rates by €12 with proportional increases for qualified adults and those on reduced rates.
  - ⇒ Increase to all qualified child payments, now called child support payment, of €4 per week for children under 12 and €8 for those over the age of 12.
  - ⇒ A one off payment of €100 to all in receipt of a Child Support Payment in 2024.
- Increased all pension payments by €12 a week.
  - ⇒ A one off payment of €200 to those in receipt of the Living Alone Allowance in 2024.
- A one off payment of €300 to those in receipt of the Fuel Allowance in 2024.
- A one off payment of €400 to those in receipt of the Working Family Payment in 2024.
- A one off payment of €400 to those in receipt of the Carers Support Grant, Disability Allowance, Blind Pension, Invalidity Pension and Domiciliary Care Allowance in 2024.
- A Newborn Baby Grant of €280 in addition to the first month of Child Benefit (€140) for children born on or after 1 January 2025.
- A double payment of Child Benefit to be paid in both November and December 2024.
- Two energy credit payments of €125 across 2024 and 2025.
- Christmas Bonus to be paid in December 2024.
- Increase of €15 to Maternity Benefit, Paternity Benefit, Adoptive Benefit and Parent's Benefit.
- Double week cost of living bonus.

Our Response

- *Social Justice Ireland* welcomes the €12 increase to primary social welfare rates but regrets that rates were not increased by €25. This was the very minimum necessary to maintain basic standards of living among Ireland's poorest.
  - ⇒ We note the €12 increase for young jobseekers but yet again, regret that rates were not equalised.
- It is regrettable given the large increases in basic living costs that social welfare rates will not be increased until January 2025.
- *Social Justice Ireland* regrets that Budget 2025 yet again, did not address the true cost of disability. Households with disabilities incur extra costs and are most at risk of poverty. A one off payment of €400 alongside the double week, whilst welcome, does not recognise that the costs linked to a disability are not temporary.
- It is regrettable that there was no increase to the basic rate of Fuel Allowance nor that the payment was extended to those in receipt of the Working Family Payment.
- It is regrettable that still no progress is being made towards a single rate Universal State Social Welfare Pension.
- Budget 2025 has yet again delivered one off measures that will not deliver the long term support that would truly tackle poverty.
- Poverty in Ireland affects 671,000 people, 190,000 of those are children. Limiting the increase in core social welfare rates to €12 will push even more people into poverty. Budget 2025 demonstrates no coherent strategy to end poverty.

Healthcare

The Context

- With the exception of 2021, health expenditure has exceeded its allocation every year since 2015. Each year, *Social Justice Ireland* has been critical of the lack of planning and underfunding for existing levels of service & demographic change over the years. We welcome the early settlement on existing level of service in July this year amounting to €2.68bn funding over 2024-2025.

- The continued failure to invest in the infrastructure required for the roll-out of Sláintecare is having an impact on all areas of the health service.

- Ireland is the only country without universal primary care coverage, which leads to an overuse of more expensive hospital care and strong inequalities in access persist.

- Irish hospitals are working at near full capacity. 2.9 hospital beds per 1,000 population was the third lowest in the EU in 2019, while the ESRI found there may be a deficit of 1,000 in-patient beds in 2023.

- As of August 2024, there were 601,490 people on hospital waiting lists, awaiting outpatient care, of whom 50,000 are on the waiting list for more than 18 months, 7,200 of whom are children.

- According to the latest available data, 3,891 children and young people were awaiting supports from the Child and Adolescent Mental Health Service with over sixteen percent waiting for 12 months or more for supports.

- While projections of 2024 activity indicate home support services will, for the first time in many years, meet the agreed targets for the year, we are still awaiting a statutory right to homecare.

The Budget

- Allocated €25.76bn. €24.3bn current expenditure (+€2.8bn) and €1.46bn Capital (+€240m).

- €2.68bn health funding agreement (2024 & 2025) to support existing level of service and €120m new measures.

- €53.5m will allow for the introduction of 459 new and 455 replacement beds in Acute and Community Hospitals. Funding is also being provided to roll out community virtual wards across four sites.

- €10m funding will provide patients with quicker access to urgent and emergency care through the provision of 6 injury units and the expansion of emergency departments in five Hospitals.

- An additional €8m is being provided to the National Ambulance Service.

- €34.4m for additional investment in payroll will provide 600,000 home support hours to bring the total delivered to 24 million. Additional funding will also provide for increased nursing home support through the Nursing Home Support Scheme (NHSS) and the implementation of the national dementia strategy.

- €37m funding for women's health initiatives will facilitate the provision of Hormone Replacement Therapy (HRT) free at the point of dispensing, post-mastectomy products and the expansion of IVF funding eligibility.

- €16m for the implementation of the 'Sharing the Vision' mental health strategy.

- €1.46bn for gross capital expenditure including €240m NDP increase of which MRRP amounts to €17m.

- 3,346 Whole Time Equivalent (WTE) additional staff in 2025 representing a staff ceiling 133,306 WTE for the Health Service in 2025.

Our Response

- *Social Justice Ireland* welcomes the two year settlement of €2.68bn for existing levels of service over 2024/25 together with a modest expansion for new measures of €120m in 2025.

- The provision of €53.5m to expand acute and community beds is a positive step in addressing the shortage in bed capacity, however the scale of provision needs to be accelerated in future years if patient demands are to be met and trolley waits in EDs reduced.

- The additional €16m for the expansion of Mental Health Services in respect of suicide prevention, traveler mental health initiatives, CAMHS and counselling in primary care is important; however the allocation falls far short on what is required to implement the recommendations of 'Sharing the Vision' and is less than half of the €35m previous minimum benchmark.

- The expansion in home supports services for older people is to be welcomed, however the continued failure by government to deliver the statutory right to home care is very disappointing given the ageing population in Ireland.

- Given *Social Justice Ireland*'s long standing advocacy of primary care teams and networks and the necessity to shift the focus towards community based service it is disappointing that no allocation has been made to complete the ECC programme which has been a key driver of integrated care delivery in Sláintecare.

- The exclusion of healthcare infrastructure from the priority areas to benefit from the CJEU expenditure is a significant missed opportunity in accelerating the implementation of the Sláintecare cross party plan for healthcare reform.

Work, Unemployment and Job Creation

The Context

- *Social Justice Ireland* believes the core objective of this area should be to ensure that all people have access to meaningful work. This includes caring work and work in the community, and is not limited to paid employment.
- Legislation introducing Pay-Related Benefit in Ireland has been passed, allowing individuals to receive enhanced benefits based on their PRSI contributions, if they lose their employment.
- In Q2 2024, there were 2.8 million people in the labour force, of which over 2 million were in full-time employment.
- The unemployment rate in August 2024 was 4.3 per cent.
- Of the 571,600 people in part-time employment, 1 in 4 were underemployed, meaning that they were working part-time and willing and available to work additional hours.
- From Q2 2020 to Q2 2024, wages grew by 18.5 per cent, while cost of goods and services went up by 20.2 per cent.
- According to the Living Wage Technical Group, of which *Social Justice Ireland* is a member, the real Living Wage for 2024/25 is €14.75 per hour, based on the energy, housing, food and other goods and services cost.
- Disparities in the National Minimum Wage for young employees mean that those aged 20+ earn 43 per cent more than those aged under-18 for doing the same job. While those aged 18 earn 20 per cent less than the full rate.
- According to Census 2022, there are almost 300,000 people providing care in Ireland, 6 per cent of the population, and an increase of more than 50 per cent compared to Census 2016.

The Budget

- Increased the National Minimum Wage by €0.80 per hour to €13.50 per hour.
- A €73 million investment in craft and new apprenticeships and increased access for under-represented groups through the apprenticeship bursary.
- Introduced a one-off reduction of 33 per cent in the contribution fee for 14,000 apprentices in higher education.
- Additional €9.7 million allocated to Enterprise Ireland to fund innovative startups and targeted decarbonisation supports.
- Increased funding for the Workplace Relations Commission by €2.4 million.
- Reduced the 4 per cent USC rate to 3 per cent and increased the entry threshold to €27,382.
- Increased the personal, Employee PAYE, and earned income tax credits by €125 each to €2,000.
- Increased the standard rate cut-off by €2,000 to €44,000.
- Increased both the home carer tax credit and the single person child carer credit by €150.
- Raised the income threshold for the Working Family Payment (WFP) by €60 per week.
- Increased the Carer's Allowance Means Test disregard to €625 for a single person and €1,250 for a couple.
- Included a Cost of Living Support payment to carers, and a €400 one-off payment for people in receipt of the Carer's Support and WFP.
- Increased annual limit for Small Benefit Exemption from €1,000 to €1,500 and permitted employers to provide up to five non-cash benefits in a single year.

Our Response

- *Social Justice Ireland* welcomes the increase the National Minimum wage; however we regret that this increase does not yet reach the rate of the Living Wage, now set at €14.75 per hour.
- We further welcome the creation of additional craft apprenticeships, the increased access for under-represented groups, and the reduction in the contribution fee for apprentices in higher education.
- While the increase in the standard rate cut-off to €44,000 will benefit those earning above €42,000, *Social Justice Ireland* notes that it does not support those in the bottom three income deciles. A better approach would have been a larger increase to the personal and earned income tax credits, which would benefit earners equally.
- While we welcome the increase of the carer tax credits by €150, we regret that the increase does not adequately support carers.
- The increase to the income threshold for the Working Family Payment and €400 one-off support for people in receipt of this payment is welcome, however we regret that the Fuel Allowance was not extended to recipients of this payment to support them with increased costs this winter.
- We welcome the increases to the Carer's Allowance Means Test disregards and Domiciliary Care Allowance.
- We also welcome the increase in the annual limit for Small Benefit Exemption and allowance for five non cash benefits to be granted by an employer in a single year, as it will support businesses to reward employee performance.

Public Finances 2024 — 2026

Below we outline the government finances for 2024 and the next two years. The current budget comprises the income (or receipts) and expenditure associated with the day-to-day running of the country. Income includes revenue from taxation and flows of funds to the government from other sources. Collectively these give a figure for the total income expected by the government. Expenditure includes interest payments on the national debt, contributions to the European Union, and the costs associated with the day-to-day running of Ireland's economic and social services.

When transfers to the social insurance fund (PRSI) and unspent resources from previous years are excluded, a figure for ***net current expenditure*** planned for next year is reached. The ***current budget balance*** indicates by how much day-to-day income exceeds (if positive), or falls short of (if negative), day-to-day spending. The capital budget captures government investment. Collectively the current budget balance and capital budget balance combine to give the Exchequer Balance. Finally, the General Government Balance measures the fiscal performance of all arms of Government, thus providing an accurate assessment of the fiscal performance of a more complete "government" sector. This measure is used by the European Central Bank and other institutions when assessing compliance with the Stability & Growth Pact.

Rounding may impact on totals	**2024**	**2025**	**2026**
CURRENT BUDGET	**€m**	**€m**	**€m**
Expenditure			
Gross Voted Current Expenditure	88,415	90,520	96,200
Non-Voted Current Expenditure	6,900	7,245	7,900
Gross Current Expenditure	**95,315**	**97,765**	**104,100**
less Receipts and Balances	17,755	17,840	18,275
Net Current Expenditure	**77,560**	**79,925**	**85,825**
Receipts			
Tax Revenue	105,700	105,420	105,030
Non-Tax Revenue	1,075	3,105	1,130
Net Current Revenue	**106,775**	**108,525**	**106,160**
CURRENT BUDGET BALANCE	**29,215**	**28,600**	**20,335**
CAPITAL BUDGET			
Expenditure			
Gross Voted Capital Expenditure	13,995	14,925	16,200
Non-Voted Capital Expenditure	5,700	7,645	7,265
Gross Capital Expenditure	**19,695**	**22,570**	**23,465**
less Capital Receipts	50	65	115
Net Capital Expenditure	**19,645**	**22,505**	**23,350**
Capital Resources	**2,000**	**1,790**	**2,180**
CAPITAL BUDGET BALANCE	**-17,645**	**-20,715**	**-21,170**
EXCHEQUER BALANCE	**11,570**	**7,885**	**-835**
GENERAL GOVT BALANCE	**23,655**	**9,700**	**8,335**
*% of GNI**	7.5	2.9	2.4

ODA and Climate Finance

There is a lack of transparency in the composition of Ireland's overseas development aid that complicates calculating progress towards the UN target of 0.7% of national income. Greater clarity is needed to distinguish between Official Development Assistance (ODA), Climate Finance, and humanitarian assistance to people seeking refuge in Ireland.

We welcome the €45m increase in climate finance, which is rightly provided on a grant-basis. However, we are concerned that including climate finance as ODA has the effect of counting the same contribution twice, once towards our ODA target and again towards our climate finance target. Ireland has committed to targets for ODA, Climate Finance, and Loss and Damage. Government should recognise that these are three separate obligations under three different agreements, and contributions to each should be disaggregated from one another.

Lack of transparency is further compounded by the inclusion of spending to support Ukrainian refugees as part of overall ODA, in spite of the fact that that money is spent in Ireland. Excluding last year's allocation of €500m for refugees reduced our 2024 ODA from almost €2 billion to €1.48 billion.

Social Justice Ireland welcomes the €810.3 million allocation to international aid in Budget 2025, however this is insufficient to meet our obligations. SJI recommended a target of €1.7 billion for overall ODA in 2025 as a step towards our 0.7% UN target over the next 5 years.

The SDGs

Social Justice Ireland monitors Ireland's performance towards achieving the SDGs through our annual Sustainable Progress Index. The latest version of the Index shows that Ireland ranked 8th overall out of 14 EU peer countries (*Social Justice Ireland*, 2024). Ireland ranked 9th out of the 14 countries on the economy, 7th out of 14 on the social index, and ranked 11th on the environment index highlighting the major challenges we face in meeting our environmental goals set out in Agenda 2030.

Ireland's Sustainable Development Goals National Implementation Plan 2022-2024 is guided by five strategic priorities policy coherence, integration, partnership and engagement, leave no one behind, and reporting and monitoring. If Ireland is to achieve the SDGs by 2030, national targets for each SDG and new and ambitious policy measures are required. We are disappointed that Budget 2025 did not provide additional funding to support the Central Statistics Office (CSO) to align its Sustainable Development Indicators with the National Implementation Plan so that Ireland has a comprehensive set of data to measure progress.

SOCIAL WELFARE: Social Insurance weekly rates in 2025

PERSONAL AND QUALIFIED ADULT RATES	Present Rate	New Rate	Change
	€	€	€
Jobseeker's Benefit			
Personal rate	232.00	244.00	12.00
Person with qualified adult	386.00	406.00	20.00
State Pension (Contributory)			
Personal rate	277.30	289.30	12.00
Person with qualified adult (under 66)	462.00	482.00	20.00
Person with qualified adult (66 or over)	525.90	548.70	22.80
Personal rate (aged 80 or over)	287.30	299.30	12.00
Person (aged 80 or over) with qualified adult (under 66)	472.00	492.00	20.00
Person (aged 80 or over) with qualified adult (66 or over)	535.90	558.70	22.80
Widow's/Widower's Contributory Pension			
Personal rate (under 66)	237.50	249.50	12.00
Personal rate (66 - 79)	277.30	289.30	12.00
Personal rate (80 or over)	287.30	299.30	12.00
Invalidity Pension:			
Personal rate	237.50	249.50	12.00
Person with qualified adult	407.20	427.80	20.60
Carer's Benefit			
Personal rate (caring for one person)	249.00	261.00	12.00
Maternity Benefit			
Personal rate	274.00	289.00	15.00
Death Benefit Pension			
Personal rate (under 66)	262.50	274.50	12.00
Personal rate (66 - 79)	281.70	293.70	12.00
Personal rate (80 or over)	291.70	303.70	12.00
Disablement Benefit			
Personal rate (maximum)	263.00	275.00	12.00
Illness Benefit			
Personal rate	232.00	244.00	12.00
Person with qualified adult	386.00	406.00	20.00
Injury Benefit/Health and Safety Benefit			
Personal rate	232.00	244.00	12.00
Person with qualified adult	386.00	406.00	20.00
Guardian's Payment (Contributory)			
Personal rate	215.00	227.00	12.00
Increases for a Qualified Child			
All schemes in respect of children under 12	46.00	50.00	4.00
All schemes in respect of children over 12	54.00	62.00	8.00
Child Benefit			
Rate per child (all children)	140.00	140.00	0.00
Living Alone Allowance (All Relevant Schemes)	22.00	22.00	0.00

SOCIAL WELFARE: Social Assistance weekly rates in 2025

	Present Rate	New Rate	Change
	€	€	€
Jobseeker's Allowance			
Personal rate (18 to 24 years)	141.70	153.70	12.00
Person with qualified adult	283.40	307.40	24.00
Personal rate (25 years and over)	232.00	244.00	12.00
Person with qualified adult	386.00	406.00	20.00
State Pension (Non-Contributory)			
Personal rate	266.00	278.00	12.00
Person with qualified adult (under 66)	441.70	461.60	19.90
Personal rate (aged 80 or over)	276.00	288.00	12.00
Person (aged 80 or over) with qualified adult (under 66)	451.70	471.60	19.90
Widow(er)'s Non-Contributory Pension	232.00	244.00	12.00
Carer's Allowance			
Aged under 66 (caring for one person)	248.00	260.00	12.00
Aged 66 or over (caring for one person)	286.00	298.00	12.00
Disability Allowance			
Personal rate	232.00	244.00	12.00
Person with qualified adult	386.00	406.00	20.00
Farm and Fish Assist			
Personal rate	232.00	244.00	12.00
Person with qualified adult	386.00	406.00	20.00
Guardian's Payment (Non-Contributory)	215.00	227.00	12.00
Living Alone Allowance (All Relevant Schemes)	22.00	22.00	0.00
One-Parent Family Payment			
Personal rate with one qualified child (up to age 12)	278.00	294.00	16.00
Increases for a Qualified Child			
All schemes in respect of children under 12	46.00	50.00	4.00
All schemes in respect of children over 12	54.00	62.00	8.00

Budget 2025: PPNs, Communities and Social Cohesion

As the Public Participation Networks (PPNs) celebrate their 10th anniversary, they remain a vital link between national and local Government policy making. They have grown year on year, in size and strength, bringing the community voice to the local authority decision making arena. *Social Justice Ireland* continues to work closely with the PPNs and is therefore disappointed to note, yet again, the lack of fine detail and Government commitment in respect of the allocations of funding for PPNs and their staff into the future.

Of interest to the PPNs, their members and the wider communities within which they work, are the additional allocations to programmes such as the Community Services Programme (€3m), PEACE programme (€1.6m), CLÁR programme (€2.3m), the Local Improvement Scheme (+€2m), the Town and Village Renewal Scheme (+€1m), €140 million for the Arts Council and additional funding of €6 million for Sports Ireland to launch our athletes for the journey to the next Olympics.

Of note is funding to the Department of Children, Equality, Disability, Integration and Youth to deliver on the Government's new National Traveller and Roma Inclusion Strategy II 2024 – 2028 (NTRIS II), including the support of organisations and programmes that offer employment, social inclusion, education, counselling and mediation services.

These are key initiatives which deliver important services to disadvantaged areas, such as social networks and education, meals on wheels, community childcare, supports for disabled people, community centres and so on. While these additional allocations are welcome, they represent only a fraction of what is needed to sustain these community supports. We need a clear vision for the sector for the future.

The Socio-Economic Context of Budget 2025

Table 22.1: Ireland’s Social and Economic Context - Budget 2025			
Population		**Housing and Homelessness**	
Population (April 2014 / 2024)	4.61/ 5.38 million	Current Social Housing Waiting List	58,824 households
% of population older than 65 in 2022/2042	15.1% / 22.2%	Approximate number of households in need of sustainable housing	133,000
% of population older than 80 in 2022/2042	3.5% / 6.8%	Homeless adults (Aug 2023 / Aug 2024)	8,796 / 10,067
Net migration (year to April 2023/ year to April 2024)	77,600 / 79,300	Homeless children (Aug 2023 / Aug 2024)	3,895 / 4,419
Net migration of Irish nationals (year to April 2023 / year to April 2024)	-900 / -4,700	Adult/child homelessness (% change since Sept ember 2021)	+64.2% / +88.5%
Income, Poverty and Inequality (SILC 2023)		**Labour Market** (all figures Q2 2024, unless otherwise stated)	
Average Equivalised Disposable Income in 2023	€31,937	Labour Force (Number / change in previous 12 months)	2.88million / +80,500
Median Equivalised Disposable Income in 2023	€27,597	Employment (Number / % change in previous 12 months / change in absolute numbers)	2.75million / 2.7% / +71,500
Poverty line 2023, based on 60% of the Median Disposable Income, 1 adult (week/year)	€323.99 / €16,906	Unemployment (Number / %)	131,200 / 4.6%
Poverty line 2023, 2 Adults (week/year)	€537.83 / €28,064	Youth Unemployment Rate (2023 / 2024)	12.2% / 12.0%
Poverty line 2023, 1 Adult + 1 Child (week/year)	€430.91 / €22,485	Long-term unemployment rate (2023 / 2024)	1.2% / 0.9%
Poverty line 2023, 2 Adults + 2 Children (wk/yr)	€751.66 / €39,222	National Minimum Wage 2025 (per hour / 39 hr week)	€13.50/ €526.50
Living in poverty in 2023 (% / people)	10.6% / 559,850	Living Wage 24/25 (per hour / 39 hr week)	€14.75 / €575.25
Children in poverty in 2023 (% / people)	14.3% / 176,912	Average Weekly Earnings	€963.17
Experiencing enforced deprivation in 2023 (% / people)	17.3% / 913,717	**Social Welfare**	
Experiencing consistent poverty in 2023 (% / people)	3.6% / 190,138	Jobseeker’s Benefit: Personal rate / Increase for qualified adult	€244 / €162
Poverty rate in 2023 (Urban vs Rural)	10.8% vs 10.2%	Jobseeker’s Allowance: Maximum Personal Rate / Rate for those aged 18-24	€244 / €153.70
Deprivation rate in 2023 (Urban vs Rural)	17.3% vs 17.3%	State Pension: contributory / non-contributory	€ 289.30/ €278.00
Ratio of bottom 20% to top 20% in income share (2022/2023)	1 : 3.9 / 1 : 3.8	Child Benefit (flat rate for all children)	€140 per month
Gini coefficient 2007 / 2017 / 2023	31.7 / 31.5 / 27.5	Minimum Social Welfare Payment (1 adult)	€244.00
At risk of poverty rate (2023) Northern and Western / Southern / Eastern and Midland	14.9% / 10.1% / 9.5%	Minimum Essential Standard of Living (MESL) — working age adult living alone (urban/rural)	€280 / €344 per week

Sources: CSO population projections; CSO SILC data; CSO Labour Force Survey; Department of Housing, Planning and Local Government; Housing Agency; NERI; Budget 2025 Comprehensive Expenditure Report; Central Bank; ESRI; Various other Government Departments and Agencies
Notes: * = projection; ** = CSO SILC data; ^ = latest available figure

Budget 2025 — Key Numbers, Data & Trends

To accompany Budget 2025, the Departments of Finance and Public Expenditure, NDP Delivery and Reform have published a series of documents detailing the changes announced in the Budget. Throughout this *Analysis and Critique,* we have examined various aspects of these changes.

The table below presents the Department of Finance's expectations of National Income this year and next year. It outlines the Exchequer Budgetary Position in a number of areas, and outlines the projected Exchequer Budgetary Position over that period.

Expectations of future changes to employment, unemployment and inflation are also detailed. Also included is information on the taxation system following the implementation of Budgetary changes, and details Government projections in inflation, the labour market, and the size of budgetary adjustments.

The table also outlines the size of the Department of Finance's budgetary changes, and examines the situation in relation to the size and burden of the national debt.

Table 23.1: The Budget in Numbers - Key Data from Budget 2025

National Income		**Inflation and the Labour Market**	
Nominal GDP/GNI* in 2024 (€ billion)	525.1 / 314.4	Core Inflation in 2024/ 2025 (%) (HICP)	2.7 / 2.3
Nominal GDP/GNI* in 2025 (€ billion)	557.3 / 331.1	Total Employment (millions) (2025/2026/2027)	2.797 / 2.839 / 2.873
Nominal GDP/GNI* in 2026 (€ billion)	590.3 / 348.3	Unemployment rate change (%) (2025/26/27)	4.5 / 4.5 / 4.5
Real GDP growth (%) 2024 / 2025 / 2026	-0.2 / 3.9 / 3.7	Projected employment growth (%) (2025/26/27)	1.8 / 1.5 / 1.2
Real GNI* growth (%) 2024 / 2025 / 2026	4.9 / 2.7 / 2.7	**Taxation**	
Exchequer Budgetary Position		Income Taxation - lower rate / higher rate	20% / 40%
Current Budget Balance, 2025 (€m)	28,600	Employer PRSI / Employee PRSI	11.15% / 4.2%
Capital Budget Balance, 2025 (€m)	-20,715	USC on incomes of €13,000 or less:	Exempt
Net Capital Expenditure, 2025 (€m)	22,505	USC, €0 - €12,012	0.5%
Government Expenditure Ceiling 2025 (€m)	105,445	USC, €12,013 - €27,382	2%
Government Expenditure Ceiling 2024 (€m)	102,410	USC, €27,383 - €70,444	3%
General Government Balance 2025 (€m)	9,700	USC, €70,445 +	8%
General Government Balance 2024 (€m)	23,655	USC, €100,000+ (Self employed)	3% surcharge
General Govt Balance 2024/25 (% GNI*)	7.5 / 2.9	Capital Gains Tax Rate	10%* / 33%
Change in personal consumption (% 2024/25)	3.2 / 3.3	**Size of Budgetary Changes in 2025**	
Change in modified domestic demand (% 2024/25)	2.5 / 2.9	Income Tax Changes (Full Year) (€m)	1,290
Gross Debt Ratio as % of GNI* in 2025	63.8	USC Changes (Full Year) (€m)	540
Interest on National Debt 2024 (€m / % GNI*)	3,010 / 1.0	Exchequer Balance (€bn)	7.9
Interest on National Debt 2025 (€m / % GNI*)	3,010 / 0.9	Gross Voted Expenditure (€m)	105,444
Interest on National Debt 2026 (€m / % GNI*)	2,785 / 0.8	Revenue from Carbon Tax Increases (Full Year) (€m)	157

Sources: Various tables throughout Budgetary publications, and our own calculations. *This special CGT rate applies to new start-ups with a €10m cap on gains. **If you are aged 70 or over or a medical card holder aged under 70 and your aggregate income for the year is €60,000 or less you pay a reduced rate of USC, with a maximum rate of 2%.

A Budget of Missed Opportunities

Budget 2025 has again repeated the mistakes of previous Budgets, and missed the opportunity to set out a transformative legacy for this Government.

Budget 2025 should have been framed by one core principle, that it prioritise the protection of the most vulnerable groups in our society. Evidence continues to highlight that lower income households are most exposed to the increased cost of living pressures, households that have the least capacity to absorb these higher day-to-day living costs.

A lesson from past experiences is that the most vulnerable in our society get left behind unless welfare increases track increases elsewhere in the economy. Even after the provision of social welfare payments and cost of living supports, almost a million people in Ireland experienced deprivation in 2023, including 264,000 children. Moreover, we know that welfare payments work: the 2023 SILC showed that social transfers reduced the at-risk-of-poverty rate from 34.1 per cent before social transfers to 10.6 per cent after social transfers.

If Government is serious about meeting its own poverty targets and supporting households on the lowest incomes who, through good and bad economic times, struggle to make ends meet, then a minimum increase of €25 in core social welfare rates was required in Budget 2025.

The return to temporary one-off measures to support low income households, the approach taken in Budgets 2023 and 2024, together with permanent tax changes that benefit the better off, will once again result in a widening rich/poor gap. One-off measures are welcome when they come but they are gone when they are gone. Income adequacy cannot be resolved through one-off measures. There is a marked contrast between the permanent nature of tax reductions and the transient nature of one-off welfare supports. The benefits for the better-off persist while the benefits for the most vulnerable peter out.

Given the scale of the challenges facing our society, both in terms of income adequacy and social infrastructure, immediate and significant investment is required in housing, social services, renewable energy and income adequacy. The Economic & Fiscal Outlook report showed that Government has the resources to protect the most vulnerable groups in Irish society while also making strategic investments in long-term infrastructure projects in areas such as social housing and achieving our climate targets.

While some effort was made in this direction, ultimately it lacked the ambition required. The unprecedented surplus in the public finances of €25 billion needed a vision that this Budget simply lacked.

Social Justice Ireland regrets that Government did not take the opportunity to frame the Budget in two distinct parts: the first to cover ongoing expenditure funded through recurring revenue; and the second, funded by enormous windfall tax gains, to be invested in strategic one-off projects in the long-term interests of Irish society. Instead, Budget 2025 lacks clarity and fails to set out a definitive pathway towards solving the multiple crises facing our country.

Some recent Publications from *Social Justice Ireland*

Delivering a Just Transition for Ireland: Policy Options

National Social Monitor - Care

Inequality and Social Cohesion: The potential impact of economic inequality on integration

Budget Choices 2025

Tracking the Distributive Effects of Budget Policy: 2024 Edition

Social Welfare Rates: Budget 2025

Social Justice Matters: 2024 guide to a fairer Irish Society

All of these publications are available on our website at www.socialjustice.ie

SOCIAL JUSTICE IRELAND

working to build a just society

Social Justice Ireland is an independent think tank and justice advocacy organisation that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for society as a whole.

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An Roinn Forbartha Tuaithe agus Pobail
Department of Rural and Community Development

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Rialtas na hÉireann
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