

## Speech

---

# Statement by Minister McGrath on Budget 2024

From [Department of Finance \(/en/organisation/departments-of-finance/\)](/en/organisation/departments-of-finance/).

By: [Minister for Finance \(/en/role/ee5fb-minister-for-finance/\)](/en/role/ee5fb-minister-for-finance/); [Michael McGrath \(/en/biography/2dd98-michael-mcgrath/\)](/en/biography/2dd98-michael-mcgrath/).

Published on 10 October 2023

Last updated on 10 October 2023

## Check against delivery

## Introduction

A Ceann Comhairle, I welcome the opportunity to present Budget 2024 alongside my colleague Minister Donohoe to this House today.

Budget 2024 is the first Budget I will deliver as Minister for Finance. It is an enormous privilege to serve in this historic office and I have a deep sense of the responsibility that comes with it. As Minister for Finance, it is my role, working with colleagues, to balance the needs of our society today, while ensuring the wellbeing of our economy for generations to come.

This Budget will provide further support to individuals, families and businesses at a time when the cost of living is high. The Budget will also provide for new investment in the public services on which we all depend, and continue to invest in the infrastructure we need for the future, including the largest home building programme for many decades.

It will reaffirm the importance of our enterprise economy.

It will ensure there is opportunity for all, while providing a safety net for those that need

it will ensure there is opportunity for all, while providing a safety net for those that need it.

By any measure, Ireland is a modern, successful country but we know we can do better, and we will.

The annual Budget is about setting out how we can help with the needs of today, but it also has to be about planning for the next 10, 20, 30 years.

We have a window of opportunity now that we must grasp. Budget 2024 marks a step change in how we plan for the future, by putting in place a long-term plan that will make the economic future safer for all.

Today, I am announcing two major new funds:

- the Future Ireland Fund, with a potential to grow to over €100 billion by the middle of the next decade, will help to protect living standards and public services for current and future generations
- separately, €14 billion will be put aside in the Infrastructure, Climate and Nature Fund by 2030 to allow for sustained levels of investment in infrastructure in the event of economic downturns and to support climate and nature related projects

These Funds are vital to help future proof our economy and our public finances. I will outline more detail on these new Funds shortly.

## Macroeconomic outlook

Ceann Comhairle, this government has navigated the Irish economy through unprecedented challenges – Brexit, the pandemic, the war in Ukraine, and rates of inflation not seen for some forty years. With the appropriate government support, our economy has rebounded strongly.

There are many positives, including a country at full employment with a record high of over 2.6 million people at work. This success should not be taken for granted or put at risk. However, we also acknowledge there are capacity constraints in the economy, and these are most obvious in the housing and labour markets.

Despite our positive economic performance, inflation continues to make life very difficult for many people. I welcome the fact that the rate of inflation has fallen but I am acutely aware that household budgets are stretched for many individuals and families.

That is why we are providing assistance in this Budget, with an emphasis on those who need it the most.

Ceann Comhairle, Budget 2024 is being framed against a backdrop of global uncertainty – both economic and geopolitical. The outlook for the global economy has deteriorated. As one of the most economically open countries in the world, international developments have immediate repercussions for Ireland.

Our key export markets are experiencing an economic slowdown and this has impacted on our recent export performance. While the Irish economy is in a strong position today, I am all too aware of the potential risks that may materialise from global events or sectoral shocks.

Ceann Comhairle, in the decade preceding the pandemic, inflation averaged just  $\frac{1}{2}$  a per cent a year. In 2022, inflation averaged over 8% across the year. This has a real bearing on the everyday lives of people and businesses throughout the country.

The recent interest rate increases have also had a negative impact on many households and businesses.

Thankfully, since this time last year, inflation has eased, with the most recent data showing inflation of 5 per cent in September. I expect this trend will continue in the coming months improving real household incomes and purchasing power.

For many, the impact of inflation resulted in a deterioration in living standards in the last year. I expect living standards will improve for the vast majority in the next twelve months, with incomes growing faster than the rate of inflation.

My department estimates an average inflation rate of just over  $5\frac{1}{4}$  per cent for this year. For next year, inflation of 2.9 per cent is projected.

We are now finally seeing a decline in consumer electricity and gas prices, albeit at a slower rate than we would like, and I know as we head into the winter, energy bills will be to the fore of people's minds. This is why the government will once again be stepping in to provide direct help with household energy bills.

My department estimates that Modified domestic demand (MDD), a proxy for the

domestic economy, will grow by 2¼ per cent this year. For next year, MDD is projected to also grow by 2¼ per cent.

GNI\* - a deglobalised measure of national income - is projected to grow by 2 per cent this year and next, broadly in line with the path for MDD. The forecasts have been endorsed by the Irish Fiscal Advisory Council.

## Fiscal outlook

I am acutely aware that fiscal policy must be carefully designed with inflationary pressures in mind. Careful management of the public finances has allowed Government to provide €12 billion in direct assistance to help deal with the cost of living pressures since the beginning of last year. In Budget 2024, I believe we have struck the right balance between providing support for our economy and society while not unduly adding to inflation.

This House has heard me on many occasions referencing the vulnerabilities of our public finances. My department is forecasting that tax revenue will reach €88.3 billion this year.

For the first time in a number of years, this is a downward revision for 2023 compared to earlier expectations. This is due to lower than expected corporation tax receipts which fell sharply in the summer.

It is, of course, a highly concentrated revenue stream and it is important to note that our strong income tax receipts are also highly correlated with our corporation tax receipts. My department estimates that 'windfall' corporation tax receipts now stand at around €10 - €12 billion.

It is clearly welcome that our public finances are in a relatively strong position, especially given the level of support that has been made available over the last number of years.

However, growth in tax receipts in 2023 was notably more modest than in recent years and this is also expected to be the case for next year.

I can inform the House that we are projecting a General Government surplus of €8.8 billion, or 3 per cent of national income this year, and €8.4 billion or 2.7 per cent next year.

It is incumbent upon this government to ensure that while welcoming this strong surplus, we also acknowledge that if we remove 'windfall' corporation tax receipts, we would record an underlying General Government deficit of €2 billion in 2023. Therefore, we must use these windfall receipts wisely and not allow them fund permanent expenditures.

Sovereign borrowing costs have been on an upward trajectory and have, in recent days, risen to levels not seen in over a decade as markets appear to be absorbing "the higher for longer" message coming from global central banks. The Irish 10-year yield is currently 3.3%, considerably higher than this time last year.

The structure of Irish public debt, with long maturities and strong cash balances means the debt service bill should stay quite stable for the coming 3-4 years but costs are likely to rise later in the decade as low coupon debt matures and is refinanced, at likely much higher rates.

Our debt is moving in the right direction. On the current path, we will be below €200 billion by the end of the decade, and lower again as a percentage of national income. But this does not mean we can be complacent.

## Budgetary strategy

The government decided in the Summer Economic Statement to temporarily adjust its medium-term spending rule to reflect the reality of the economic backdrop we are now experiencing.

Net core public spending will increase by 6.1 per cent next year rather than the 5 per cent originally set out. This decision reflects the fact that inflation is projected to be above trend for next year. Assuming inflation falls to more normal levels, core spending will be allowed to grow by 5 per cent from 2025 onwards in line with the medium-term budgetary strategy.

Today, I am announcing a total Budget package of €14 billion.

Budget 2024 consists of a core expenditure package of just under €5.3 billion, and a tax package of over €1.1 billion – a total Core Budget Package of €6.4 billion. This is in line with the budgetary parameters set out in the Summer Economic Statement last July.

There is also a package of once-off cost of living measures of €2.7 billion, net of windfall revenues from the energy sector.

In addition, there is non-core expenditure of €4¾ billion, including an additional €250 million for the public capital programme funded by windfall corporation tax receipts.

## Budget 2024 measures

### Income tax

I am announcing today a personal income tax package to the value of €1.3 billion.

As incomes rise, it is vital that adjustments are made to our personal tax system. In the absence of this, workers and many pensioners would experience an increase in the burden of tax in real terms, resulting in a drop in living standards. The competitiveness of our personal tax system is also a factor in inward investment decisions.

I am therefore announcing the following changes:

- I am increasing the personal, Employee PAYE and earned income tax credits by €100 each
- I am increasing the standard rate income tax cut off point of €2,000 to bring entry to the higher rate of income tax to €42,000
- I am also reducing the 4.5% rate of USC to 4%. This is the first reduction in USC rates in 5 years
- following government approval this morning, as of 1 January 2024, the national minimum wage will increase by €1.40 per hour to €12.70 per hour
- therefore, to ensure that such workers remain outside the higher rates of USC, I will be raising the entry threshold to the 4% rate to €25,760 in line with the increase to the national minimum wage. A full time worker on the minimum wage will see an increase in their net take home pay of approximately €2,300 on an annual basis

The total value of the USC changes I am announcing today amounts to €350 million next year and €400 million in a full year. It represents the largest USC package since 2016 and, taken together with the income tax changes I am announcing, will provide much

needed assistance to taxpayers across all income levels.

Taking the example of a single person earning €46,000 in 2024, they will see an increase of over €2,000 in their net income as a result of cumulative income tax and USC changes since 2021.

This year's Budget has a particular focus on tackling child poverty. I am making a number of further taxation changes to assist families with children. I am increasing both the home carer tax credit and the single person child carer credit by €100 and increasing the incapacitated child tax credit by €200.

I am extending the USC concession which applies to those who have a medical card and earn less than €60,000 per year for a further two years until the end of 2025.

## Cost of living

I will now address some of the other elements of the government's cost of living package.

I am proposing to extend the 9% reduced VAT rate for gas and electricity for another 12 months. It is estimated that consumers will save an additional €90 for electricity and those who use gas will save an additional €62 during the 12-month extension.

I am conscious that the price of petrol and diesel for motorists have increased in recent weeks, driven by volatility in international oil prices. I have therefore decided to defer the final tranche of fuel excise increases which were due to happen on 31 October. I will restore the outstanding amounts of 8c on petrol, 6c on diesel and 3.4c on Marked Gas Oil in two equal instalments on 1 April 2024 and 1 August 2024.

I will introduce Financial Resolutions on both these matters later this evening.

## Rent tax credit

In last year's Budget, the government introduced the rent tax credit to support renters. As of the end of September, over 290,000 Rent Tax Credit claims have been made with close to €166 million claimed to date and I am pleased to be in a position to increase the value of the Rent Tax Credit from €500 per year to €750 per year for 2024.

In addition, I have decided to make an amendment to allow parents who pay for their student children who have tenancies in 'Rent a Room' or 'digs' accommodation to claim the Rent Tax Credit. This will also be backdated to allow for claims to be made for the 2022 and 2023 tax years.

## **Mortgage interest relief**

Ceann Comhairle, I am acutely conscious of the impact of rising interest rates and mortgage costs on many households. It is not possible or desirable for Government to attempt to mitigate in full the impact of increased interest rates. However, what we have experienced in the past 14 months is exceptional in the history of monetary union and ten successive interest rate increases have put many mortgage holders under considerable pressure.

I have decided to introduce a one-year Mortgage Interest Tax Relief for home owners with an outstanding mortgage balance on their primary dwelling house of between €80,000 and €500,000 as of 31 December 2022.

Relief will be available in respect of the increased interest paid on the mortgage in the calendar year 2023 as compared with the amount paid in 2022, at the standard rate of 20% income tax. The relief will be capped at €1,250 per property.

Approximately 165,000 mortgage holders will benefit from this measure with an estimated cost of €125 million.

## **Benefit in kind - motor vehicles**

In relation to the BIK regime for company cars, I am extending for a further year the temporary universal relief of €10,000 to the Original Market Value which I announced earlier this year.



In order to encourage the use of electric vehicles for company car purposes, I am temporarily suspending the tapering of the preferential BIK relief. I am therefore maintaining the existing €35,000 Original Market Value reduction for 2024 and 2025.

Taken together with the extension of the universal Original Market Value relief of €10,000, this measure will mean that an employee with an electric company vehicle will see an overall BIK Original Market Value relief of €45,000 in 2024.

## **Motor insurers insolvency compensation fund**

On behalf of Minister of State Carroll MacNeill and myself, I am pleased to announce a 1 per cent reduction to the Motor Insurers Insolvency Compensation Fund levy benefitting up to 2.2 million policy holders on renewal from 1 January 2024.

## **Information campaign**

Ceann Comhairle, in the course of my work as a constituency TD for over 16 years, I have observed that many people do not fully claim all the tax relief they are due.

Revenue estimates that €180 million in refunds could potentially be due to taxpayers for 2022 alone. I will shortly be launching an extensive public information campaign with Revenue to raise awareness of the range of tax credits and reliefs available to PAYE taxpayers, to ensure people can avail of their full entitlements and receive any refunds that are due.

## **Housing**

Housing is undoubtedly the biggest domestic challenge we face today and remains a top priority for Government.

Housing for All represents the biggest investment in housing in our history. Last year, we delivered 7,500 new build social homes, 43 per cent higher than the previous year and the highest number of new build social homes delivered since 1975. Minister Donohoe will set out our investment plans for 2024, with funding for thousands of social, cost rental and affordable homes.

## Help-to-Buy

Since its introduction, the Help-to-Buy Scheme has supported over 40,000 people in the purchase their own home.

To give certainty to prospective homebuyers and to the market, I can confirm I intend to extend the Help-to-Buy scheme to the end of 2025 and will consider across next year if any changes are required to the scheme.

Some people availing of the Local Authority Affordable Purchase Scheme have found that they do not qualify for the Help-to-Buy scheme under the current rules.

Therefore, I am amending the scheme to ensure that applicants of the local authority affordable purchase scheme can avail of Help-to-Buy. This change will take effect from tomorrow and will run until the revised end of the scheme in 2025.

## Landlords

Ceann Comhairle, I have already announced an increase in the rent tax credit for 2024. For every tenant, there has to be a landlord. In recent years, we have seen a decline in the number of small investors in the market owning one or two properties. 86% of landlords in the market own just 1 or 2 properties and they have a vital role to play.

With that in mind, I am introducing a temporary tax relief which will primarily benefit small landlords. Subject to certain conditions being met, rental income of €3,000 for the year 2024, €4,000 for 2025 and €5,000 for the years 2026 and 2027, will be disregarded at the standard rate. An important condition of this measure is that the properties held by the landlord availing of the relief must remain in the rental market for four years, otherwise the full amount of the relief will be clawed back. Further details are contained in the Budget documentation.

## Vacant Homes Tax

Tackling vacancy is a priority for this government, it is appropriate that every available lever is deployed to incentivise the use of existing housing stock across the country. This includes measures to deter vacancy, alongside supportive measures such as grants.

For this reason, I am increasing the Vacant Homes Tax, introduced last year, to 5 times the property's existing basic Local Property Tax rate. The increase will take effect from the next chargeable period, commencing this November.

## **Residential Zoned Land Tax**

The Residential Zoned Land Tax, or RZLT, is an important initiative to activate suitably zoned and serviced land for housing. It is important that affected landowners have sufficient opportunity to engage with the mapping process and that a fair and transparent process is applied when local authorities consider what land should be placed on the RZLT maps. Therefore, I am extending the liability date of the tax by one year to allow for the planned 2024 review of maps to take place and to afford affected people with a further opportunity to engage with the process.

## **Enterprise tax measures**

The government's ability to respond swiftly with financial support during recent crises was due to our strong public finances which in no small part, are a result of the taxes paid by the business sector. From the large multi-national corporations, to the small and medium enterprises which operate in every town and city in Ireland – it is my priority to ensure we have an environment which allows businesses to thrive.

## **OECD - Pillar Two**

In next week's Finance Bill, I will be publishing legislation to implement the 15% minimum effective tax rate for large companies as provided for under the OECD Pillar Two agreement. This is a once-in-a-generation reform to our corporation tax system, and marks the culmination of a ten-year, global project to reform the taxation of multi-national enterprises.

## **Territoriality/participation exemption**

I recently announced that a participation exemption for foreign sourced dividends will be legislated for in Finance Bill 2024, with the detailed development work to take place over the coming months. This will be a significant first step in reducing the administrative burden on businesses.

In relation to Ireland's current regime for interest deductibility, this is a complex area which will take some time to work through, and I have committed to engaging with stakeholders on the issue over the period ahead.

## **Indigenous business**

Indigenous businesses are the backbone of the economy and, upon taking office, I set about reviewing the enterprise supports in our tax system to identify improvements fit for a modern, dynamic economy. I have met and listened to business organisations and representative bodies across the country and have carefully considered their proposals and concerns.

In this context, I am announcing a package of wide-ranging measures to support Irish enterprise which I believe will make a very positive difference.

The Research and Development (R&D) Tax Credit is a crucial feature of Ireland's corporation tax offering and enables us to remain competitive in attracting quality employment and investment in R&D. I am increasing the R&D tax credit from 25% to 30%.

This will maintain the net value of the existing credit for those businesses subject to the new 15% minimum effective tax rate, while also delivering a real increase in the credit to those smaller companies who will not be in scope of Pillar Two.

I am doubling the first-year payment threshold from €25,000 to €50,000, to provide valuable cash-flow support to companies engaged in smaller R&D projects. I hope this will encourage more businesses to engage with the regime.

My department has completed a Cost Benefit Analysis of Revised Entrepreneur Relief, which is published today with the Budget papers. I have asked my officials to examine opportunities to refocus the relief with a view to further improving the incentives for

founders and entrepreneurs in the innovative start-up phase, and to ensure it is contributing to employment creation.

I am today announcing a new targeted capital gains tax relief for angel investors in innovative start-up SMEs. This aims to assist SMEs in attracting investment, and make Ireland a more attractive location for angel investment. It will allow angel investors to benefit from a reduced rate of CGT when they dispose of a qualifying investment, for gains up to twice the value of their investment.

The Employment Investment Incentive scheme (EII) provides SMEs and start-ups with an alternative source of funding. I will be enhancing the scheme by:

- standardising the investment period to four years for all investments, and
- doubling the amount an investor can claim relief on for four year investments to €500,000

These enhancements will help unlock more equity investment in smaller, early stage, businesses which are typically most in need of funding.

My officials will also undertake a further review of EII in early 2024 which will focus on the potential for further simplification of the scheme, while taking account of the conditionality imposed by the EU General Block Exemption Regulation.

Retirement Relief supports the intergenerational transfer of businesses and farms and works to ensure their smooth transition so that they continue to play their important role in the Irish economy.

In line with government policy on the age of retirement, I am extending the upper age limit for the relief from 65 until the age of 70. The reduced relief which was available on disposals from age 66 onwards will now apply from age 70.

These changes will come into effect from 1 January 2025 so as to allow for an appropriate transitional period. I will also introduce a limit on disposals to a child up to the age of 70, as recommended by the Commission on Taxation and Welfare.

The Key Employee Engagement Programme is an important scheme, aimed at improving

the attractiveness of the SME employment offering. I am pleased to announce that I have secured EU State aid approval to commence the outstanding 2022 amendments to this Programme.

The amendments include the extension of the scheme to the end of 2025 and a doubling of limit for the total market value of issued but unexercised qualifying share options from €3 million to €6 million.

These amendments will be commenced by Ministerial order shortly.

Ceann Comhairle, we have all taken great pride in the huge success of the Irish audio-visual sector in recent years, reflected in the numerous accolades awarded to Irish productions. Top quality content is being made in Ireland largely due to the funding offered through the Section 481 Film Tax Credit.

Such productions provide a tangible economic benefit to our country, through jobs, skills development, regional development and spend on local goods and services. They are also vital in the promotion of Irish culture to audiences at home and abroad.

Today, I am providing for an increase in the current project cap on qualifying expenditure in the Section 481 Film Tax Credit from €70 million to €125 million, subject to State aid approval. This will support the continuing development of a robust and creative film sector in Ireland.

In addition, my officials will shortly begin engagement with the European Commission with a view to developing an incentive for the unscripted production sector, in line with State aid rules.

## **VAT registration threshold**

I propose to increase the existing VAT registration thresholds for businesses from €37,500 for services and €75,000 for goods to €40,000 for services and €80,000 for goods respectively. While modest, these changes will provide more latitude to small businesses whose turnover is close to the existing thresholds, and is broadly in line with forthcoming EU VAT registration thresholds.

## Simplification - business taxes

One of the messages that I have heard clearly from my engagement with the business community is that the rules and requirements surrounding tax reliefs and schemes are complex, which can make them difficult to access. Tax reliefs by their nature are complex, and there are certain requirements that cannot be modified particularly due to EU State Aid and other international rules and considerations. However, I am determined to ensure that all businesses, especially SMEs, know what they are entitled to claim and can access all appropriate schemes and reliefs.

I know that Revenue is committed to continuing to support businesses by making it as easy as possible to avail of the vast range of business supports schemes that it administers on behalf of the State.

As part of this ongoing commitment, Revenue will, in the coming weeks, establish a dedicated Tax Administration Liaison Committee (TALC) subgroup focused on identifying any opportunities to simplify and modernise the administration of business supports. The Terms of Reference of this subgroup will be agreed at TALC and a report on the recommendations of the subgroup will be delivered during the course of 2024.

Finally, I would like to announce that the Revenue Commissioners will shortly launch a Public Consultation on how we can use digital advances to modernise Ireland's VAT Invoicing and Reporting System. In addition, my officials will shortly be launching a public consultation on share based remuneration recognising the increasing importance that business places on share based remuneration in rewarding and retaining employees and the continued globalisation of the workforce. I would encourage all stakeholders to submit their views and proposals on both these initiatives.

## Review of funds sector

Ceann Comhairle, my department is currently undertaking a review of the Funds sector. The review is on track to report to me in summer 2024 and will include consideration of Life Assurance Exit Tax (LAET) and the taxation of funds, including Exchange Traded Funds (ETFs), for Irish investors more generally.

Following the completion of the review, I will consider whether any changes to the

Following the completion of the review, I will consider whether any changes to the current taxation framework are appropriate.

## Climate measures

In recent weeks and months, we have again seen the devastating impact of climate change on communities across the globe. Extreme heatwaves, droughts and wildfires have swept many parts of the world, and 2023 is now virtually certain to be the warmest year since records began in the mid-1800s.

Today, the government is further demonstrating its commitment to climate action with the establishment of the Infrastructure, Climate and Nature Fund. I will provide further details of how this Fund will operate in a few moments.

But first, I will outline some climate related tax measures:

- I am extending the accelerated capital allowances scheme for energy efficient



equipment for a further two years

- I am also doubling the tax disregard in respect of personal income received by households who sell residual electricity from micro-generation back to the national grid. From 1 January 2024, an income disregard of up to €400 per year will apply to profits or gains arising to a qualifying person from the micro-generation of electricity. This will provide relief from income tax, USC and PRSI
- I introduced a measure in Finance Act 2023 to reduce the VAT rate on the supply and installation of solar panels for private dwellings to zero from 1 May 2023. I am extending this measure to schools with effect from 1 January 2024
- I am extending the VRT relief for battery electric vehicles for a further two years to the end of 2025. This relief applies to battery electric vehicles with a value of up to €50,000
- the rate per tonne of carbon dioxide emitted for petrol and diesel will go up from €48.50 to €56 from 11 October as per the trajectory set out in the Finance Act 2020. As per the commitment in the Programme for Government, all of the revenue raised from this increase in carbon tax will be used to ensure the most vulnerable are protected from unintended impacts of the tax increase, to part fund a socially progressive national retrofitting programme, and to encourage and support farmers in the green transition

I wish to announce a number of other new measures in Budget 2024:

- an issue which has been regularly raised with me is the VAT treatment of audio books and eBooks. eBooks are currently subject to a VAT rate of 9%, unlike printed books, which are zero-rated. Audio books are not currently included in the VAT zero-rating. Consequently, I intend zero-rating these items from 1 January 2024
- it is important that the wider familial relationships foster children have by virtue of their foster parents are recognised for inheritance and gift tax purposes. In line with the Commission on Taxation and Welfare recommendation, I will bring forward amendments to ensure that foster children can avail of the Group B Capital Acquisitions Tax threshold based on their relationship to their foster parents

## Agricultural relief measures

Ceann Comhairle, farming is the lifeblood of rural communities across Ireland. A number of important agricultural tax reliefs are due to expire at the end of this year. These reliefs provide important supports to our young farmers and the farming sector generally.

## **Extension of consanguinity relief**

Consanguinity relief is a vital measure which supports the transfer of farms from one generation to the next. I will extend this relief for a period of 5 years to provide more certainty to farming families as they plan for the future.

I am also extending the accelerated capital allowances for farm safety equipment.

I am increasing the maximum aggregate lifetime limit of a number of farm-related reliefs to €100,000, which is the maximum allowable under the new EU Agricultural Block Exemption Regulation (ABER) which came into effect on 1 January.

These reliefs include the Young Trained Farmer Stamp Duty relief, Stock relief for Young trained farmers, and the relief for succession farm partnerships. The maximum amount of enhanced stock relief for farmers who are partners in a Registered Farm Partnership will be increased from €15,000 to €20,000 in line with EU regulations.

The Land Leasing Income Tax Relief will be amended so that it only becomes available when the land has been owned for seven years so that it is better targeted to active farmers.

## **Extension of bank levy**

It is important that the Banking sector continues to make a contribution to the Irish economy following the support they received during the financial crisis. In that context, I plan to put in place a revised bank levy in 2024, to raise €200 million. I will review the levy again next year to ensure it remains appropriately calibrated.

## **Tobacco**

I am increasing excise duty on a packet of 20 cigarettes by 75 cents, with a pro-rata increase on other tobacco products. This will bring the price of cigarettes in the most popular price category to €16.75 and supports public health policy to reduce smoking levels in Irish society.

A Financial Resolution will be introduced tonight to enact this measure.

## **E-Cigarettes**

In light of public health interests, continuing delays to the revision of the Tobacco Products Tax Directive and the Programme for Government commitment to tax e-cigarettes and vaping products, I am proposing to introduce a domestic tax on these products in next year's Budget. Considerable preparatory work will need to be carried out by my department and Revenue in drafting this legislation.

## **Charity, philanthropy and sport**

Ceann Comhairle, due to the important role the charity and community sector plays in ensuring the most vulnerable people in our society are supported, I have decided to increase the funds available under the Charity VAT Compensation Scheme from €5 million to €10 million. This will mean Charities will get back more of the VAT that they pay.

I am also increasing the threshold for tax relief on the donation of heritage items from €6 million to €8 million.

Ireland has a rich sporting culture and I believe we need to fully utilise the opportunities to invest in our sporting facilities and clubs.

Our tax system currently provides a number of reliefs to sporting organisations and charities. I believe there is potential to do more. To assist our national governing bodies with their capital programmes, I intend to examine how the tax system can be utilised to further support these organisations with the upgrade of their facilities or the development of new ones.

This will involve examining the tax treatment of long-term Strategic Development Funds established by approved sporting bodies to promote capital investment in our sports facilities. I will conclude this work next year.

Additionally, I am committed to considering how our tax system can better encourage and support philanthropy.

## Future Ireland Fund

Ceann Comhairle, the prospect of headline budgetary surpluses in the coming years affords us an opportunity to prepare now for the challenges we know are on the horizon.

I will now provide more details in relation to the two funds that will be established.

We will put in place a new savings fund – to be called “The Future Ireland Fund” - using some of the windfall corporate tax receipts. This is not a Rainy Day Fund, because it is for costs that we know are coming our way in the years ahead. This fund will benefit all of us – the children of today, people of working age today, our pensioners – and of course future generations.

It will help us to meet the costs of running the State in the future, and will make a contribution to the cost of healthcare, pensions, home care and much more. For example, we know we are facing considerable costs in relation to an ageing population, age-related spending will be around €7-8 billion higher by the end of this decade than it was at the start of the decade – this is simply the ‘stand-still’ cost.

The twin transitions of digital and climate, while more difficult to quantify, will also involve significant costs. It is imperative we act now.

I am announcing that we will invest 0.8 per cent of GDP annually into the Future Ireland Fund from 2024 to 2035.

This will be a sum of approximately €4.3 billion in 2024. In addition, we will transfer seed funding of just over €4 billion into the Fund next year from the dissolution of the current National Reserve Fund. It is expected that with a funding level of 0.8 per cent of GDP annually, the Fund could potentially reach a total of €100 billion by 2035.

It is intended to preserve the fund over a longer period and that the investment return would be used to support government expenditure. It will be a matter for the government of the day when the drawdown occurs to use the return from the Fund

appropriately.

There are of course risks that could crystallise over the contribution period such as a national or global economic shock or reduced corporate tax receipts, but as we stand here today, this is a realistic and achievable plan for Ireland.

## **Infrastructure, Climate and Nature Fund**

The second fund, the Infrastructure, Climate and Nature Fund will also invest a portion of the windfall corporate taxes and is intended to operate in a counter cyclical manner in times of fiscal and economic stress to provide resources for capital investment.

That Fund will grow incrementally by €2 billion for seven consecutive years when it will reach €14 billion plus interest accrued. In 2024, the first €2 billion contribution will come from the dissolution of the National Reserve Fund.

While it is important that we prevent a reoccurrence of 'stop-start' public capital investment as we have seen in the past, we must also consider the known challenges facing our society and economy. The impact from rising global temperatures as a result of climate change will affect all parts of our society. This government has taken action to manage the transition to a climate neutral and climate resilient society in the knowledge that it will have macroeconomic and fiscal implications.

In this regard, the Infrastructure, Climate and Nature Fund will have a climate and nature component worth over €3 billion, the aim of which is to help the achievement of carbon budgets through capital projects where it is clear our climate targets are not being reached.

Both Funds will be vested in the Minister for Finance and will be managed and invested by the NTMA subject to an investment policy and investment strategy. The Funds will be audited by the C&AG.

I have this morning secured government approval for the Heads of Bill providing for these two funds.

I hope there will be broad consensus across the House in support of this strategically important legislation for our country.

## Conclusion

Ceann Comhairle, as we stand here today, I believe there is so much in our country we can be proud of.

Full employment, a growing economy, budget surpluses, a national debt that is falling, a population that is rising, and now a plan to secure the future.

We can never take any of this for granted. And we must always strive to do better.

Today's Budget provides help to households and businesses, it reaffirms our commitment to good quality public services and to investment in modern infrastructure, it seeks to unlock the further potential in the enterprise sector, it underpins our determination to tackle climate change and the Budget seeks to make the future safer for us all.

We face challenges for sure, but we face them from a position of strength, and we face them together.

I commend the Budget to the House.

### Part of

Campaigns

[Budget 2024 \(/en/campaigns/budget/\)](/en/campaigns/budget/)

**BETA**

This is a prototype - your feedback will help us to improve it.

**Help us improve gov.ie**

**[Leave feedback](#)**

## Departments and publications

[Circulars \(/en/circulars/\)](/en/circulars/)

[Consultations \(/en/consultations/\)](/en/consultations/)

[Directory \(/en/directory/\)](/en/directory/)

[Policies \(/en/policies/\)](/en/policies/)

[Publications \(/en/publications/\)](/en/publications/)

## About gov.ie

[About gov.ie \(/en/help/about-govie/\)](/en/help/about-govie/)

[Accessibility \(/en/help/accessibility/\)](/en/help/accessibility/)

[Privacy policy \(/en/help/privacy-policy/\)](/en/help/privacy-policy/)

[Who does what \(/en/help/e170a-who-does-what/\)](/en/help/e170a-who-does-what/)



**Rialtas na hÉireann**  
Government of Ireland

## Manage cookie preferences

[Manage preferences](#)