IRELAND TAX | BUDGET 2027 · CORPORATION TAX · R&D TAX CREDIT · PILLAR TWO

Ireland Budget 2027 for business: R&D credit changes, KDB extended, 12.5% rate kept

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Budget 2027 keeps the corporation tax rate, extends the Knowledge Development Box for five years, raises R&D credit limits and lifts the small-company preliminary tax threshold to EUR 350,000.

Country reference

- Country: Ireland (planned expansion country)
- Authorities: Revenue Commissioners; Department of Finance
- Topic: Budget 2027: corporation tax and business incentive measures
- Key date: Announced 6 October 2026; legislation in Finance Bill 2026
- Law: Finance Bill 2026; Taxes Consolidation Act 1997

R&D tax credit

- Subcontracting limit: the greater of 20% of in-house qualifying spend or EUR 200,000 (was 15% or EUR 100,000).
- First-year payment threshold up from EUR 87,500 to EUR 105,000.
- A new 5% uplift on qualifying R&D wage costs to cover supporting costs.
- Lighter documentation for regulated clinical trials, and changes to using the credit against preliminary tax.

Other corporate measures

- Knowledge Development Box: extended for five years; existing users may opt out for all assets.
- Preliminary tax: the small-company threshold rises from EUR 200,000 to EUR 350,000 of prior-year tax.
- Pillar Two: the OECD side-by-side package and new safe harbours go into Finance Bill 2026, with a one-year extension of the transitional country-by-country safe harbour.
- Interest deductibility: targeted technical changes for certain lending and investment activities.
- Start-ups: start-up company relief extended to 31 December 2030; EII, SCI and SURE extended, subject to EU state aid rules.
- Bank levy: continues to the end of 2027.

What did not change

The advisers' summaries list no change to the 12.5% rate on trading income, the 25% rate on non-trading income, or the 15% minimum rate for large groups under Pillar Two.

What to do now

- R&D claimants: model the new subcontracting limits and wage uplift for 2027 claims.
- Companies near the threshold: check whether the EUR 350,000 test moves you to a single preliminary tax instalment.
- Large groups: watch the Finance Bill for the side-by-side and safe harbour detail.

Our take

Stability is the message to multinationals. The R&D and KDB changes help the domestic innovation base, and the Pillar Two update keeps Ireland aligned with the OECD.

Sources

- PwC Ireland: Budget 2027 key measures
- KPMG: Ireland tax measures in 2027 budget (6 October 2026)
- Department of Finance: Statement by the Minister for Finance on Budget 2027

Important. This summary is for general information and is not tax, legal or financial advice. It is based on public Department of Finance publications, together with adviser commentary, and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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