

Government Budget Summary 2026

**Updated Section 8 on State Exams entry fees for 2026*

1. Introduction

Budget 2026 was announced in October 2025. The changes below are due to take effect from 1st January 2026, unless otherwise stated.

2. National Minimum Wage

The Government Budget 2026 announced an increase of €0.65 in the national minimum wage from €13.50 to €14.15 from 1 January 2026. This rate applies to people aged 20 and over. An employer may pay a reduced rate to employees under the age of 20, see rates below.

National Minimum Wage		
From 1 st January 2026:	% of Minimum Wage	Min Hourly Rate of Pay
Experienced Adult Worker (employee aged 20 years or over)	100%	€14.15
Employee aged 19 years	90%	€12.74
Employee aged 18 years	80%	€11.32
Employee under 18 years	70%	€9.91

3. Universal Social Charge (USC)

There is no change to the exemption threshold of €13,000. From 1 January 2026, the ceiling of the 2% band will increase from €27,382 to €28,700, so that the salary of a full-time worker on the minimum wage will remain outside the higher 3% rate of USC.

From 1 January 2026, USC rates and bands will be:

USC Thresholds 2026	
	Rate
Income up to €12,012	0.5%
Next €16,688 (up to €28,700)	2%
Next €41,344 (up to €70,044)	3%
Balance	8%

The rate of 8% USC will continue to apply under the Emergency Basis.

Reduced Rate of USC

Medical card holders and individuals aged 70 years and over whose aggregate income does not exceed €60,000 will pay a maximum rate of 2% USC. A 'GP' only card is not considered a full medical card for USC purposes.

4. Tax Credits, Tax Rates and Tax Bands

There has been no change to tax rates for 2026. The standard rate will remain at 20% and the higher rate at 40%.

See **Appendix 1** for increases in the tax credits and tax bands for 2026.

5. PRSI

The increases announced in Budget 2025 took effect from 1 October 2025. Both employer and employee PRSI rates increased by 0.1%. Employers will now pay 9% Class A employer PRSI on weekly earnings of up to €527 (€552 from 1 January 2026) and pay 11.25% Class A employer PRSI on weekly earnings over €527 (€552 from 1 January 2026). Employee PRSI Class A rates increased from 4.1% to 4.2%.

As agreed by government under the PRSI roadmap, from 1 October 2026, both employer and employee PRSI rates will increase by a further 0.15%. Employers will pay 9.15% Class A employer PRSI on weekly earnings of up to €552 and pay 11.40% Class A employer PRSI on weekly earnings over €552. Employee PRSI Class A rates will increase from 4.2% to 4.35%.

Please note your payroll provider will update your computerised payroll package to take into account the changes to the rates of employers PRSI.

6. Capitation Grant

Budget 2026 has announced a €20 increase to the basic capitation rate for post-primary schools. This change will take effect from September 2026.

Further information on this additional capitation funding will be issued when it becomes available from the Department.

7. Solar Panels

The VAT rate for the supply and installation of solar panels in schools remains at 0%. Further details can be found on our [website](#).

8. State Exams

Following the 2026 Budget announcements, the SEC has advised that state exam entry fees are no longer waved and will apply in 2026 at the same level as when they were charged in 2019, that is €116 per entry for Leaving Certificate including LCA and €109 per entry for

Junior Cycle candidate. Candidates who hold a full medical card, or who are covered for all services on a parent or guardian's full medical card, are exempt from examination fees.

Further information on this can be found on the [SEC website](#).

9. Auto Enrolment

Auto-enrolment is a new retirement savings system for employees that will be introduced on 1 January 2026. Employees who do not have a pension scheme, earn more than €20,000 per year and are aged between 23 and 60 will be automatically enrolled into the new system.

A new public body, the National Automatic Enrolment Retirement Savings Authority (NAERSA) has been set up to administer the auto-enrolment scheme "My Future Fund". Under the scheme the employee, employer and Government all pay a certain amount into the employee's pension fund.

Planned contributions rates

Years	Employee	Employer	State
2026 – 2029	1.5%	1.5%	0.5%
2030 – 2032	3%	3%	1%
2033 – 2035	4.5%	4.5%	1.5%
2036 onwards	6%	6%	2%

Further information can be found on

- [FSSU Financial Guideline 15 2025/2026 Information on Auto-Enrolment](#)
- [gov.ie - Auto-enrolment latest news and events](#).

10. Further Information

Further information or clarification on any of the issues raised in this guideline can be obtained from the FSSU.

Tel: 01-2690677
info@fssu.ie

11th December 2025

Appendix 1

Tax credits, Tax Rates and Tax Bands

Tax Credit	2025 €	2026 €
Single Person	2,000	2,000
Married or in a Civil Partnership	4,000	4,000
Employee Tax Credit	2,000	2,000
Earned Income Tax Credit	2,000	2,000
Widowed Person or Surviving Civil Partner (without qualifying child)	2,540	2,540
Single Person Child Carer Tax Credit	1,900	1,900
Incapacitated Child Tax Credit	3,800	3,800
Blind Tax Credit:		
• Single Person	1,950	1,950
• Married or in a Civil Partnership - One Spouse or Civil Partner Blind	1,950	1,950
• Married or in a Civil Partnership - Both Spouses or Civil Partners Blind	3,900	3,900
Age Tax Credit:		
• Single or Widowed or Surviving Civil Partner	245	245
• Married or in a Civil Partnership	490	490
Dependent Relative	305	305
Home Carer Tax Credit	1,950	1,950

Tax Rates and Tax Bands

Personal Circumstances	2025 €	2026 €
Single or Widowed or Surviving Civil Partner, without qualifying child	44,000 @ 20% Balance @ 40%	44,000 @ 20% Balance @ 40%
Single or Widowed or Surviving Civil Partner, qualifying for Single Person Child Carer Credit	48,000 @ 20% Balance @ 40%	48,000 @ 20% Balance @ 40%
Married or in a Civil Partnership, one Spouse or Civil Partner with Income	53,000 @ 20% Balance @ 40%	53,000 @ 20% Balance @ 40%
Married or in a Civil Partnership, both Spouses or Civil Partners with Income	53,000 @ 20% with increase of 35,000 max. Balance @ 40%	53,000 @ 20% with increase of 35,000 max. Balance @ 40%