



Budget 2026

No Going Back: 9 key budget ideas

2nd October 2025

No Going Back

The Fianna Fail/Fine Gael/Independent Government has lacked focus and mission since the general election. It clearly has no major aim or priority, continuing along a path of least resistance with short-term, piecemeal measures.

With only ten pieces of legislation passed since Micheál Martin was elected as Taoiseach, it has earned its title as a “do nothing Government”. Indeed, the only area where the new Government has shown enthusiasm is for its efforts to undermine measures taken by the last Government to address climate change and nature loss.

Budget 2026 is a chance to change this: embedding fairness, sustainability, and resilience into our national finances.

The Budget should set out a clear pathway to set aside excess corporation tax for the long-term while also working to end the raw deal faced right now by younger and working generations on housing, climate, and cost of living. That means direct supports for childcare and transport, a focus on long-term infrastructure, and a fiscal policy that saves money for future challenges - especially for climate change.

To do otherwise is to squander this period of strong tax revenues and risk making the same mistakes Ireland did before the last financial crisis. **No Going Back.**



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1 Saving for the climate future

Ireland's extreme corporation tax income is temporary but is being spent as if the party will last forever. This mortgages against the future of Ireland's working-age generations, as they will be forced to make up the shortfall when corporation tax revenues inevitably fall, and the impacts of climate change are increasing.

The government should heed the warnings of the Irish Fiscal Advisory Council and the Central Bank, **saving more excess corporation tax** to deal with future fiscal and climate challenges via the Future Ireland Fund and a protected Climate and Nature Fund.

This budget should set a multi-annual pathway to saving around 70% of the excess windfall (up from the planned 30%), a level it would be maintained at for as long as the windfall continues.

As part of this, the government should reverse its planned raid on the **Climate and Nature Fund**. This fund was set aside to deal with long-term environmental challenges, but they've sidelined the money for regular projects - with no money at all set aside for nature or assisting farmers. There is no better example of this government's short-term thinking: taking a fund for the future and spending it fixing underinvestment of the past.

2 Focus on infrastructure

The remaining excess corporation tax and planned capital spend should be earmarked for long-term **infrastructural** projects, focused on three key areas:

- New-build **public housing** (social, affordable and cost rental)
- **Water and electricity grids** - focused on modernising the grid to take more renewables and support electrification of transport and heating
- New **major public transport projects**, including further electrification of rail and delivery of major projects such as MetroLink, DART+, new Luas lines in Cork and Dublin and others. Transport capital spending should maintain a minimum commitment to a €400m spend for walking and cycling projects, along with a 2:1 ratio of capital expenditure between public transport infrastructure and roads.

The specifics of these will be developed further in the National Development Plan process, but the budget should set the three core priorities for capital spending.

Without a clear focus, the state will continue a scattergun approach: frittering away strong tax revenues on a diffuse collection of non-strategic aims.

3 Cheaper and integrated public transport

Free travel for under 9s was a key Green achievement in the last government: this should now be expanded to include all children under 12, effectively **making public transport free for primary**

school children. This expansion from U9s to U12s would cost €6m, plus €2m for commercial bus operators.

The Green Party halved fares for adults aged 19-25. This works well, but 26-year-olds face a cliff edge price increase on their birthday. We propose a “transition ticket”, which gives a **25% discount for 26-27 year olds.** This would have a minor annual cost of €6.25m.

To encourage electrification of private transport, the budget should **standardise and raise grants for EVs to €4,500.** Current grants range from €1,500 to €3,500, giving a higher grant to those able to purchase more expensive vehicles. This will simplify the scheme and offer increased benefits to lower-income buyers, at a cost of €12.3m.

Grants to electrify taxis have proven highly successful, reducing emissions from vehicles that will disproportionately be in dense areas, often idling, and used heavily. The grant scheme is regularly oversubscribed, so the budget for the scheme should be doubled at a cost of €12.5m.

4 Investing in childhood

A core success of the last government was the Green Party’s push for an average 50% cut in childcare costs via the National Childcare Scheme. This approach provided a much-needed and immediate relief for struggling parents.

But it is clear that this approach should be a stepping stone towards a public system. This should initially guarantee at least two years of Early Childhood Care and Education. The budget should begin the rollout of this model with a **€30m current spend to fund 50 public childcare services offering a total of 3,000 spaces** in geographic areas where there is clear under-provision, with a view to expanding public childcare more widely each year.

Over 190,000 children in Ireland live in poverty - almost 1 in 7. The Green Party would reduce this number in one year by introducing a **second tier of child benefit**, determined by income and the number of children. This would remove an estimated 40,000 children from poverty with an ESRI-estimated cost of €772m.

5 Smart supports for hospitality

Small businesses in the catering and hospitality sector are under pressure from rising costs. The government is considering a blanket VAT cut, which would be an expensive mistake: giving millions to larger operators and a pittance to your independent local café.

The Green Party proposes a **smarter support scheme** which would target businesses most in need, doing more for them than a blanket VAT cut, at less than **a third of the cost to the taxpayer.**

It would entail a 100% rates rebate for smaller hospitality businesses, paired with a full VAT rebate on the first proportion of turnover. In the example costings (see appendix), this would benefit small businesses substantially more than a VAT cut, with a cost of €256m (just over a third of the blanket VAT cut cost of €675m).

Example business benefits (further detail in costings section):

	Blanket VAT cut	Green Proposal
Small café (€195k turnover)	4.5% of turnover saved (€8,775)	7.4% of turnover saved (€14,480)
Medium coffee shop (€410k turnover)	4.5% of turnover saved (€18,450)	4.75% of turnover saved (€19,500)
Large fast food operator (€4.6m turnover)	4.5% of turnover (€207,000)	0.44% of turnover (€20,500)
Cost to taxpayer	€675m	€256m

6 Ramping up Housing

Cost rental housing represents a transformative approach to Ireland’s housing crisis, offering long-term, stable, and genuinely affordable rental options that are linked to the actual cost of construction and management, rather than the fluctuations of the private market. This model also encourages investment in quality, energy-efficient construction, supporting Ireland’s climate goals while creating secure and sustainable communities.

The Green Party was the first political party in Ireland to introduce cost rental as a formal policy. In addition to direct investment in cost rental, the Green Party proposes a scheme of **cost rental borrowing guarantees** for Approved Housing Bodies. This would, with no direct government spend, unlock additional financing for housing, while also reducing borrowing costs and rents.

This borrowing guarantee should also include a new **Vacant Commercial and Institutional Conversion Scheme**, converting unused office blocks, warehouses, and educational buildings into cost rental housing.

The Green Party fought to establish the **tenant-in-situ purchase scheme** in government, which grew the number of social housing units and saved families facing homelessness. The current government has drastically cut funding for the scheme, with many local authorities being forced to effectively stop taking applications. The budget should increase funding to the scheme by €600m for the coming year, using some of the €1.5bn extra housing capital expenditure planned for 2026, with the remainder spent on direct construction of social housing projects.

7 Building on Basic Income Success

The Green Party’s Basic Income for the Arts has been a major success. The scheme should be **made permanent and funding doubled** in this budget to widen the scheme to more participants, with a view to further expanding it in future budgets.

Doubling the scheme comes with a cost of an additional €21m.

8 Certainty for Students

Internal government spats and mixed messaging on third-level student fees have been deeply unhelpful, creating uncertainty for students, families and institutions. Instead of waiting each year to announce a fresh reduction, this budget should institute €2,000 as a **maximum ceiling on student fees**, at a cost of €99m, with a view to reducing and eliminating the fees over four successive budgets.

The state should also deliver a small **6-week emergency accommodation fund for students** unable to secure accommodation at the start of their course, estimated by the USI to cost €1.35m. Doubling the scheme comes with a cost of an additional €21m.

9 Analysing the budget's generational impact

The budget is accompanied by a distributional analysis each year, which shows how certain income groups are affected by the budgetary measures. This has been widened to gender equality budgeting in recent years.

A similar analysis for age groups should be developed, to **demonstrate which age groups have benefitted or suffered** from a given budget. This comes at marginal direct extra cost.

Costings

Cheaper and integrated public transport:

Transition ticket (26-27yos)	€6.25m
Free transport U12s (incl commercial operators)	€8m
Increase and standardise EV grants	€12.3m
Double taxi grant scheme	€12.5m
Total additional:	€39.05m

Transition ticket: The Young Adult Card which initially covered 19-23 years olds cost €25m. Assuming an even distribution of birth cohorts, this meant a cost of €6.25m per birth year for a 50% cut. Thus a 25% cut for two birth cohorts would cost roughly €6.25m. ([Source](#))

Free transport U12s: The expansion of free travel to under 9s from under 5s was estimated in Budget 2025 at a cost of €8m. This works out at €2m per birth year cohort. Thus an expansion by a further three years would cost €6m. For commercial operators, a €2m estimate is from the Coach Tourism and Transport Council of Ireland pre-Budget Submission. ([Source](#))

Increase and standardise EV grants: Moving all EV grants to a single grant comes with no cost as no models are available in 2025 for a pre-grant price of over €14,000 and under €18,000. The Dacia Spring (121 sales in 2025 so far) and Hyundai Inster are close (911 sales in 2025 so far), but are unaffected at this point. Current grants are set out in table below.

Cost of vehicle	Grant amount
€14,000 to €15,000	€1,500
€15,001 to €16,000	€2,000
€16,001 to €17,000	€2,500
€17,001 to €18,000	€3,000
€18,001 to €60,000	€3,500

Increasing the EV grant to €4,500 is a 29% increase in the maximum grant level. Allowing that some grants would be for lower amounts and that there may be an increase in uptake, we calculate it would cost an additional €12.5m based on 2024 SEAI grant figures ([Table 5, page 15](#)).

Double taxi grant scheme: The proposal is to increase the overall budget while keeping grant levels the same, thus allowing twice as many successful applications. The current budget is €12.5m, so the proposed additional spend of doubling is €12.5m. ([Source](#))

Investing in Childhood:

Initial rollout of trial public childcare services	€30m
Second tier of child benefit	€772m
Total additional:	€802m

Initial rollout of trial public childcare services: The €30m is a full-year cost, 50 services with 3,000 places (60 per service).

11 FTE staff total: 5 educators; 2 lead educators; 2 graduate lead educators; 1 deputy/assistant manager; and 1 manager This is for a range of places from a baby room up to 6, with no school-age childcare provided. Uses recent ERO rates from June 2025 (starting at Educator @ €15 an hour)	€7,931.25 per week
Additional employer costs @ 23%	€9,755.44 per week
Calculating 100% cost of service, presuming labour costs represent 68%	€14,346.23 per week
Assume that 95% of places are consistently filled, less parent contribution of €50 per week for 57/60 children (€2,850)	€11,496.23 per week
Annualised	€596,804 per annum

At approximately €600,000 per service, this then scales up to an operating cost of €30m for 50 services covering in the region of 3,000 places. Calculations kindly provided by the NWCI.

Second tier of child benefit: Costing by ESRI ([Source](#))

Smart supports for hospitality:

The Green Party proposes an alternative to the blanket VAT cut to support small food businesses through this high cost period with:

1. A **100% commercial rates rebate** for food and catering business with a rates bill under a certain amount (example figure €15,000). The system for making these payments is already in place, via the 2024 *Increased Cost Of Business* scheme.
2. A **VAT rebate** on the first part of turnover (for example, the first €100k of VAT-incurring turnover) in a food or catering business. This is something which would be enjoyed by all firms, but the reverse of the VAT rate cut - it would disproportionately benefit small businesses. It would not have the problem of a cliff edge for the current, lower VAT exemption scheme.

The example figures above would be set precisely based on analysis by the Department of Finance on which segments of the food and catering market are truly financially struggling and thus in need of targeted support. Thus the costings below are only examples.

As of 2022, there are 15,370 ([CSO 2022 source](#)) businesses in the “food and beverage services” category. The overwhelming majority (99.8%) employ under 250 people, and this category makes up 85% of turnover, suggesting a small number of large, high turnover businesses.

1. Rates rebate:

The Increased Cost of Business Scheme took in businesses across all sectors, and was thus much more expansive. In 2024, it cost €257m to cover 82,000 businesses, so a scheme tailored to just one sector would necessarily be a fraction of this cost.

Assuming the same average rates bill for the 15,000 businesses in the sector, the maximum likely cost would be in the range of €94m.

The targeted sector - particularly for smaller businesses - would likely have a lower rates bill as the footprint of a cafe would be substantially smaller than many other businesses. A precise costing may be possible with non-public figures on rates.

2. VAT rebate:

Businesses with turnover below €85,000 ([or lower in some cases](#)) do not face VAT charges. Once they exceed this threshold, they become fully liable for VAT. This threshold supports very small businesses and eases administrative burdens, but has a “cliff edge” wherein an increase in turnover at some points can lead to higher costs.

A rebate on the first part of turnover would, however, offer a discount to all businesses, but disproportionately benefit businesses with lower turnover.

Assuming that 80% of businesses in the sector are above the VAT threshold, and that they are paying a 13.5% VAT on their turnover, there would be 12,000 businesses benefitting from the support of up to €13,500. This scheme would thus have a cost of €162m.

Taken together at the example rates, the total exchequer cost of the scheme could be €256m - just over a third of what the proposed blanket VAT cut would cost (€675m).

Examples of how small businesses would benefit more:

1. Molly’s Café (small, seasonal café and restaurant)

Molly’s Café is a small café and restaurant in Liscannor, which is only open a few days a week seasonally. It has a relatively small footprint and a VAT-incurring turnover of €195,000. It has a rates bill of €980.

	Blanket VAT policy	Green Party proposals
VAT bill change	-€8,775	-€13,500
Rates bill change	€0	-€980
Total benefit	€8,775 (4.5% of turnover)	€14,480 (7.4% of turnover)

2. Roasty Coffee (medium café)

Roasty Coffee is a coffee shop in suburban Dublin. It has an annual VAT-incurring turnover of €410,000, with a VAT bill of just over €55,000. It has an annual rates bill of €6,000.

	Blanket VAT policy	Green Party proposals
VAT bill change	-€18,450	-€13,500
Rates bill change	€0	-€6,000
Total benefit	€18,450 <i>(4.5% of turnover)</i>	€19,500 <i>(4.75% of turnover)</i>

3. MegaMax Burger (large operator)

MegaMax Burger is a fast food restaurant off the M3 in a motorway services. It has an annual VAT-incurring turnover of €4.6m, and a rates bill of €7,000.

	Blanket VAT policy	Green Party proposals
VAT bill change	-€207,000	-€13,500
Rates bill change	€0	-€7,000
Total benefit	€207,000 <i>(4.5% of turnover)</i>	€20,500 <i>(0.44% of turnover)</i>

Ramping up housing:

The proposal is to allocate the capital headroom of the Department of Housing for 2026 of €1.5bn (set out below) and apply €600m to the Tenant in Situ scheme and €900m towards a multi-year fund for local authorities to directly build social housing.

The extra capital spend on housing is calculated by taking the NDP capital expenditure ceiling for 2026 (€7.2bn) and comparing with the 2025 spend (original allocation for €4.6bn plus July 2025 additional spend of €0.7bn) and removing the planned €0.4bn of the NDP spend earmarked for water services, leaving €1.5bn capital expenditure headroom.

Building on basic income success

Doubling of fund	€21m
Total additional	€21m

Current fund's net fiscal cost for 2025 is €20,941,643 ([source](#)). The cost of doubling it is thus just under €21m.

Certainty for students

Ceiling on student fees	€99m
Student emergency accom fund	€1.35m
Total additional	€100.35m

A €1,000 reduction (as applied over the last three years) came at an annual net cost of €99m. ([Source](#)). The USI proposal for the student emergency accommodation fund is [here](#).

Total additional spend of 9 ideas:

	Cost (€m)
Cheaper and integrated public transport	39.05
Investing in childhood	802
Smarter supports for hospitality	256
Ramping up housing	1,500
Building on basic income success	21
Certainty for students	100.35
TOTAL	2718.4 <i>(1218.4 excl. existing NDP housing spend)</i>

Income:

The total estimated spend of the 9 ideas fits easily within the €9.4 billion additional package proposed by government. But allocating more funds for saving and broadening the tax base means opening up other revenue streams for government. In this budget, the Green Party recommends:

	Generates (€m)
Tax-free lump sum pension allowance to €100,000 To act as a lifetime limit to include both pension lump sums and any ex-gratia termination payments. Ireland is alone in Europe having this monetary allowance. The Commission on Taxation and Welfare noted that this lump sum relief cost €134m in 2014, which is €165m when adjusted for CPI in 2025. The costing is under half that amount, as not all lump sums would exceed the proposed €100k threshold.	80
Betting duty rate increase by 3%	165
Second home charge - €200	110
€7.50 carbon tax increase Set in legislation annually until 2029	157
Extend bank levy Set at rate to increase to €300m revenue total	100
TOTAL	612

Unless otherwise stated, figures are sourced from the [Revenue Commissioners Pre-Budget 2026 papers](#).



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