

Flash release to the Annual Progress Report

21st April 2026

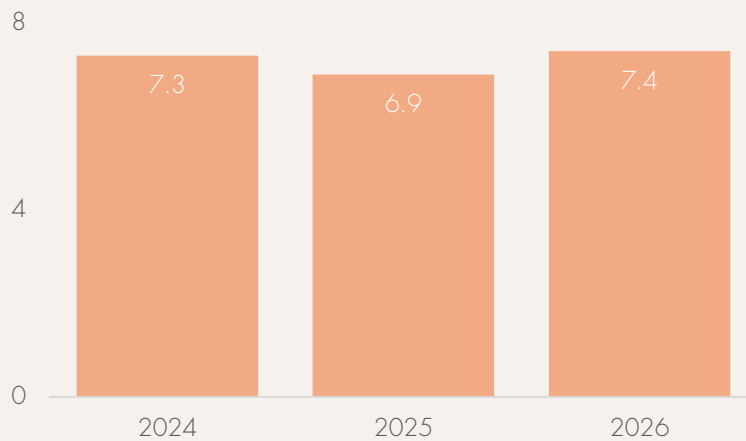


**Irish Fiscal
Advisory Council**

- 1) Today the Department of Finance published the Annual Progress Report. This document contains the Department's latest set of macroeconomic and budgetary projections.
- 2) New EU fiscal rule reforms came into effect last year. They now have a more medium-term focus with a net spending rule. This rule sets a limit on how quickly government spending can grow. Faster spending growth is allowed if it is matched by higher taxes.
- 3) Net spending increased by 7.3% and 6.9% in 2024 and 2025, respectively. The Government now plans to grow net spending by 7.4% in 2026. This is higher than the 6.6% projected as recently as January.

Net spending growing at a fast pace

% year-on-year growth rate, nominal



Source: Department of Finance.

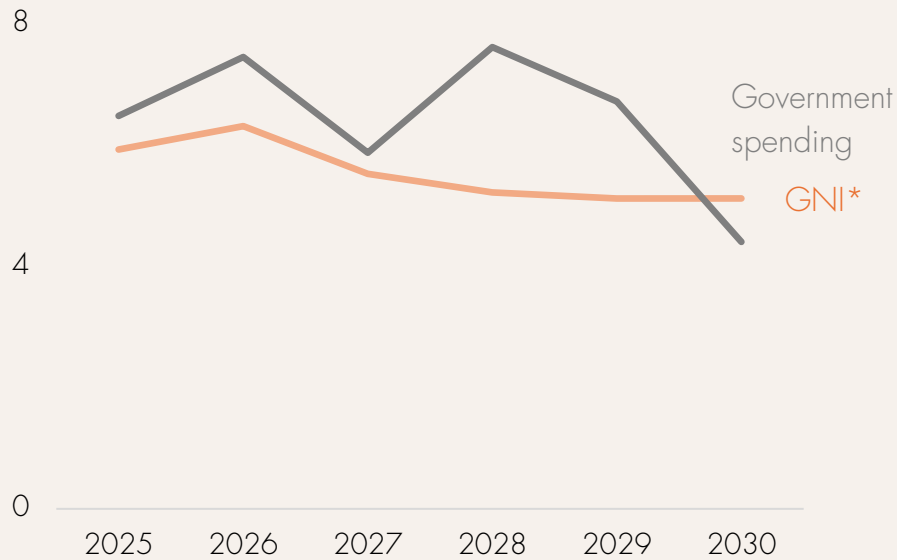
Notes: Net spending is general government expenditure excluding interest, one-offs, EU-funded spending, national spending on programmes co-funded by the EU, and temporary spending on unemployment related to the cycle. It adjusts for the net impact of tax measures; tax-raising measures can be used to offset larger spending increases, whereas tax cuts would reduce the scope for spending increases.

- 4) Expenditure ceilings have been revised up by €700 million for this year. This is linked to likely spending overruns in the education sector, as well as recently introduced supports for the transport, farming and fisheries sectors.

- 5) Looking further ahead, the Government plans to continue to increase spending at a faster rate than is sustainable. The Government's plans for spending growth are above the sustainable growth rate of the economy over 2026–2030.

Spending growth planned to outpace economic growth

% year-on-year growth rate, nominal



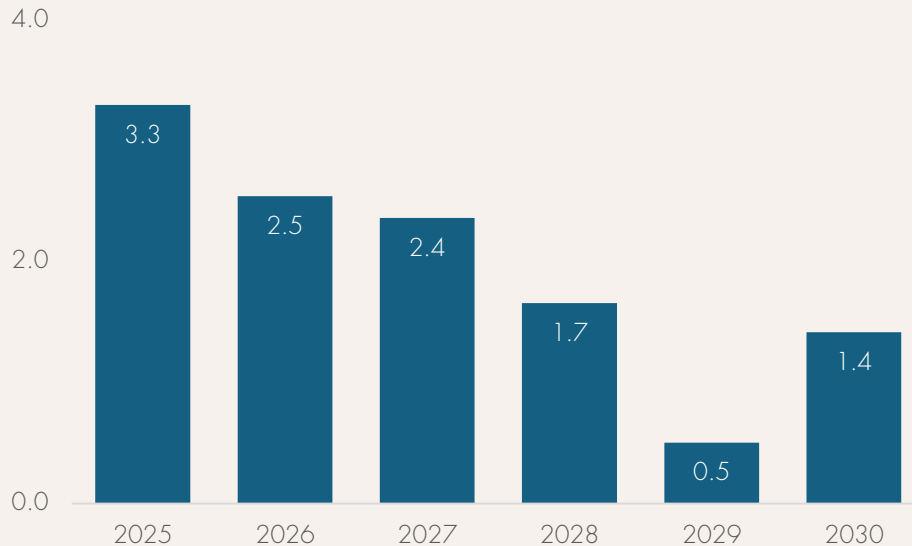
Source: Department of Finance.

Notes: General government spending growth is shown, which is the most complete measure of government spending.

- 6) Despite record corporation tax receipts, the government plans to run smaller and smaller surpluses. This means there would be less resources available to deal with an economic downturn or other events that place demands on the public finances.

The Government plans to run smaller surpluses

General government balance, % of GNI*



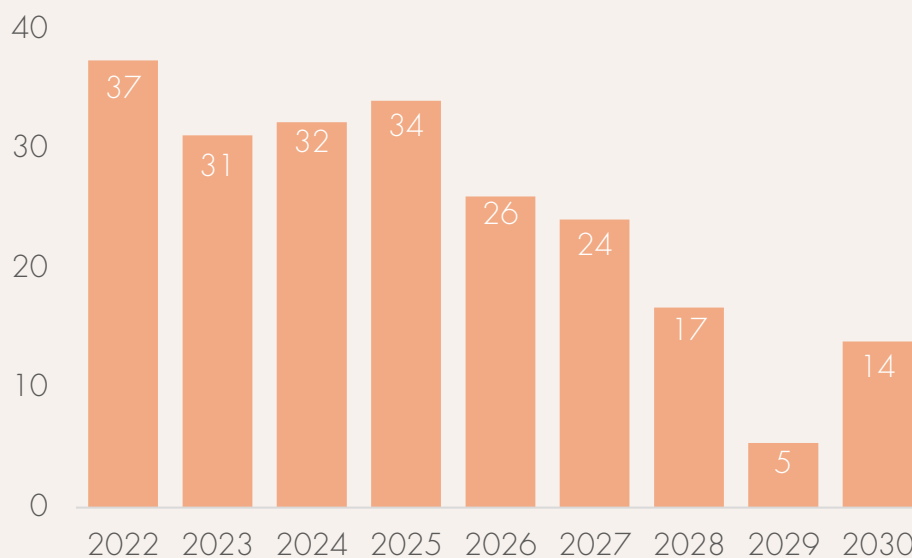
Source: Department of Finance.

Note: Proceeds from the Apple tax judgement are excluded.

- 7) The Government remains extremely reliant on corporation tax receipts. The Government plans to save just over €1 out of every €6 it collects in corporation tax out to 2030. It plans to spend the other €5 out of €6.

The share of corporation tax being saved is planned to fall

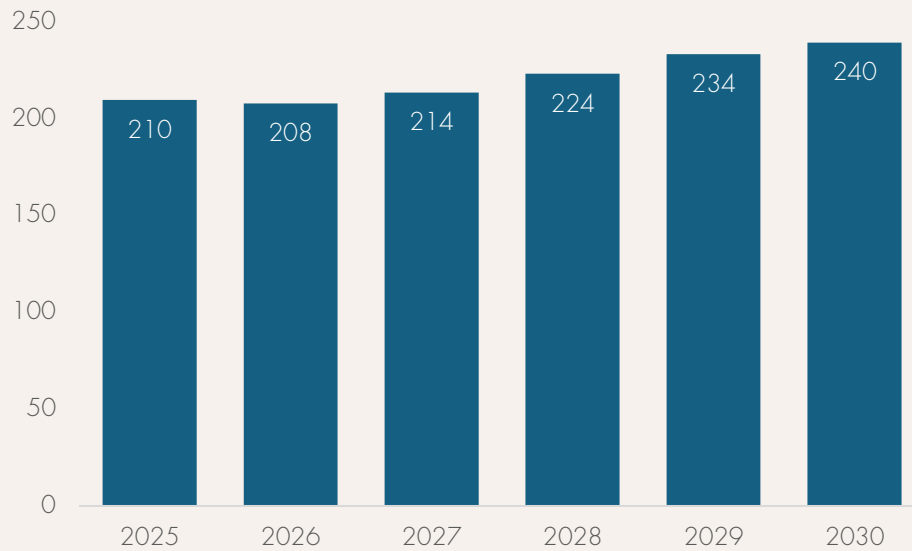
General government surplus as a share of corporation tax (%)



- 8) The surpluses the Government plans to run are not enough to fund contributions to its two savings vehicles (Future Ireland Fund and ICNF). The Government plans to borrow to make these investments. Government debt is set to increase by €30 billion between 2025 and 2030.

The Government plans to borrow more money to invest in funds

€ billion, general government debt

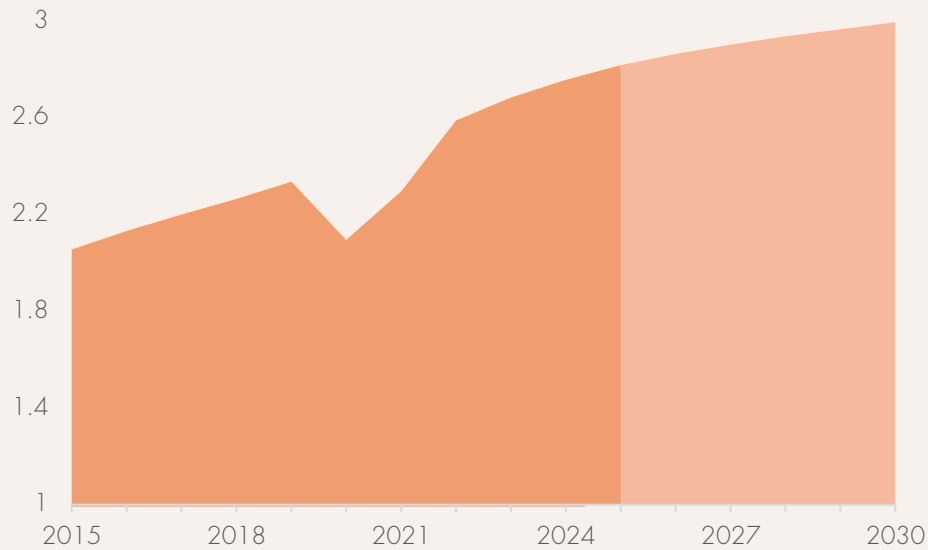


Source: Department of Finance.

- 9) Despite higher energy prices, the Department forecasts continued growth in economic activity. This is most visible in the labour market, where employment is forecast to continue growing, reaching almost 3 million in 2030.

Employment is forecast to continue growing

Employment, millions



Source: CSO and Department of Finance.

- 10) This assessment is preliminary. The Council will give its full assessment of the Annual Progress Report in its Fiscal Assessment Report. By then, typically more information will be available, which will allow a more complete analysis.