

Fiscal Assessment Report

June 2026

When Saving Means Borrowing



**Irish Fiscal
Advisory Council**

ABOUT US

The Fiscal Council is responsible for providing an honest and independent assessment of how the Government is managing the public finances and the economy.

This includes tracking how it is complying with rules designed to keep the public finances safe. It also includes approving the Government's economic forecasts to ensure they are realistic.



Key messages

The revised medium-term plan is not an appropriate guide for budgetary policy.

Fastest net spending growth in EU. Faster than the sustainable growth rate of the economy.

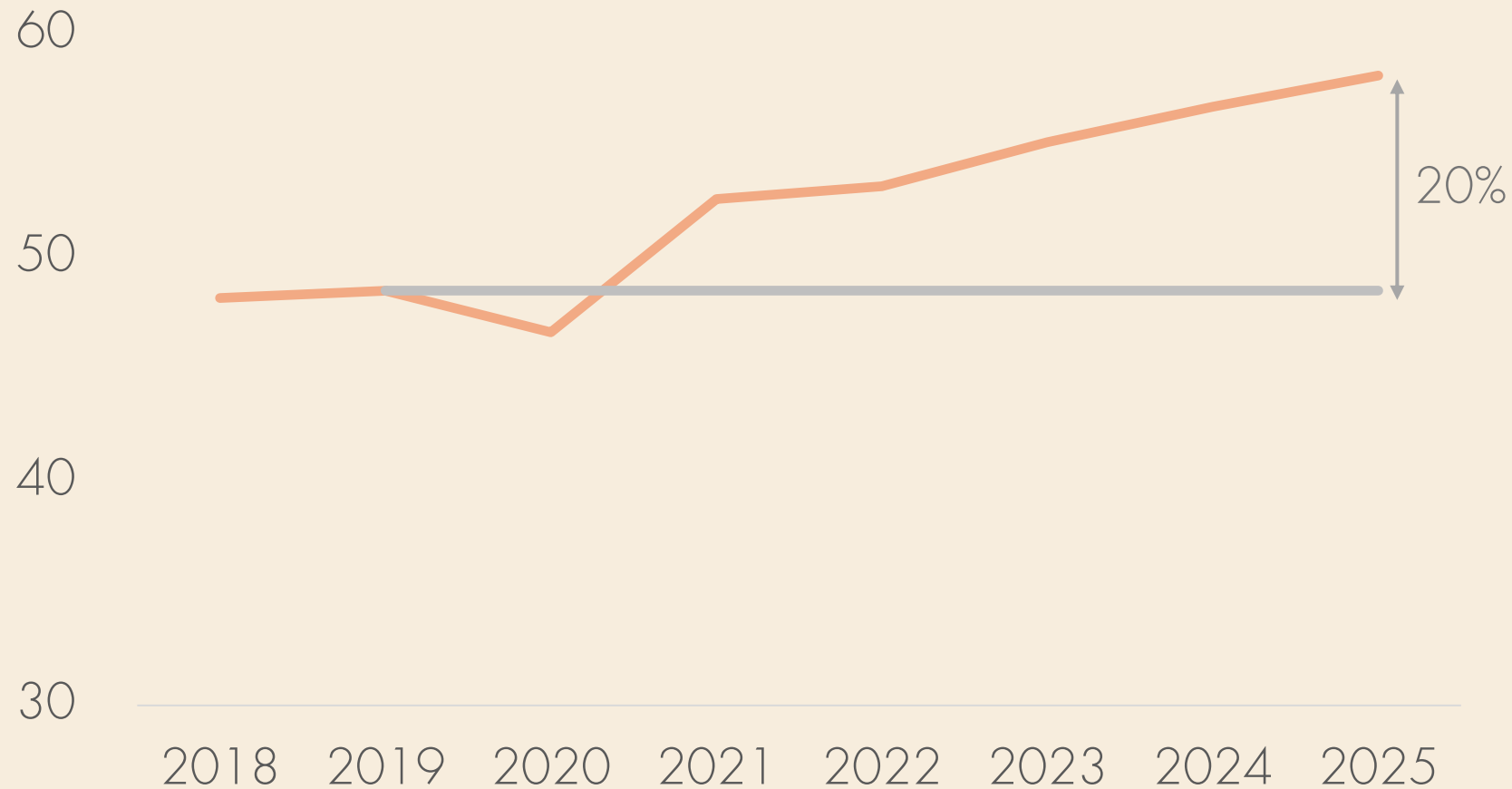
Corporation tax is being spent, not saved. For every €6 collected, €1 is saved, €5 is spent.

Small surpluses mean the Government will be borrowing to save.

The economy is still performing well

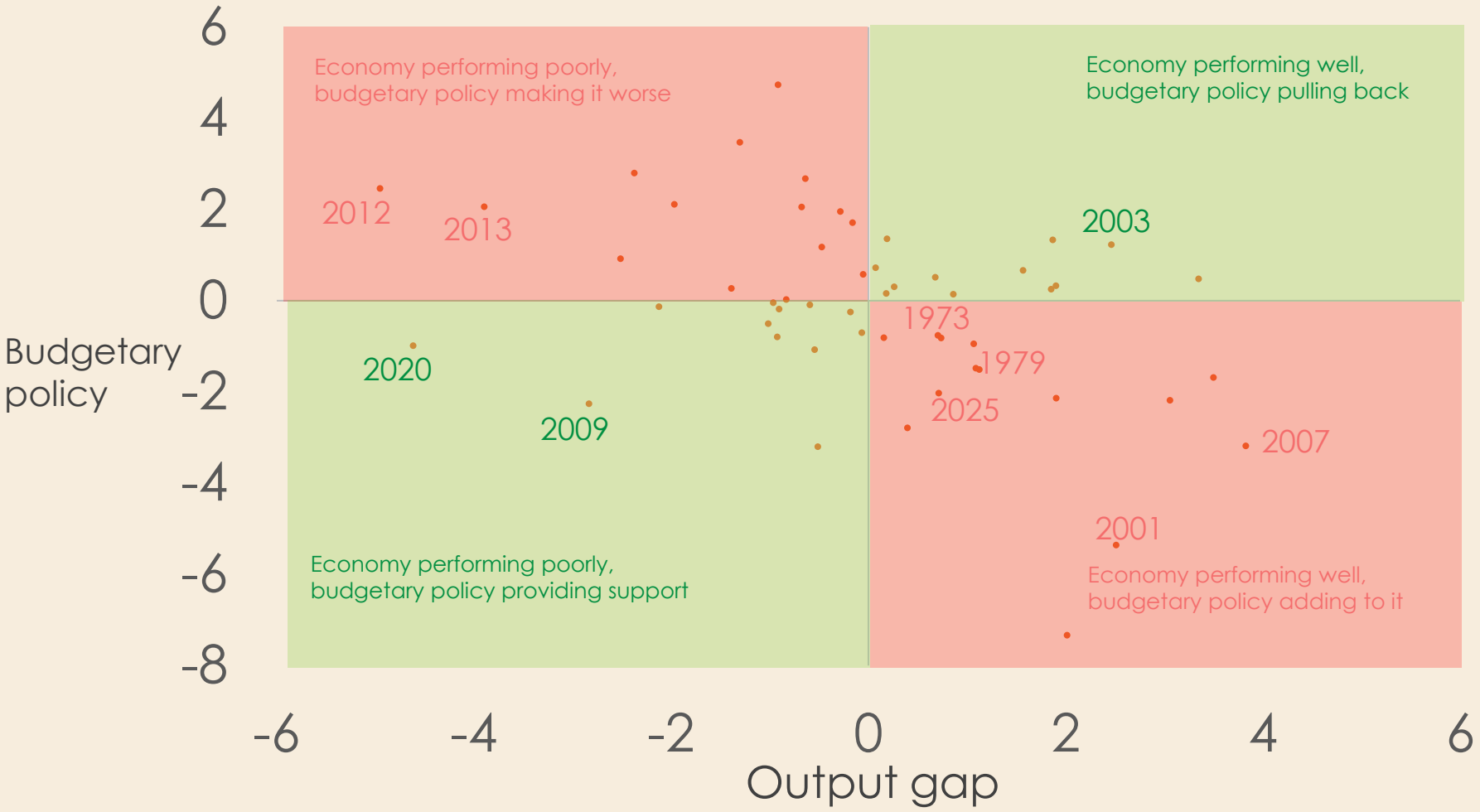
Strong growth continued in 2025

Real modified gross national income per person, thousands of euro (2023 prices)



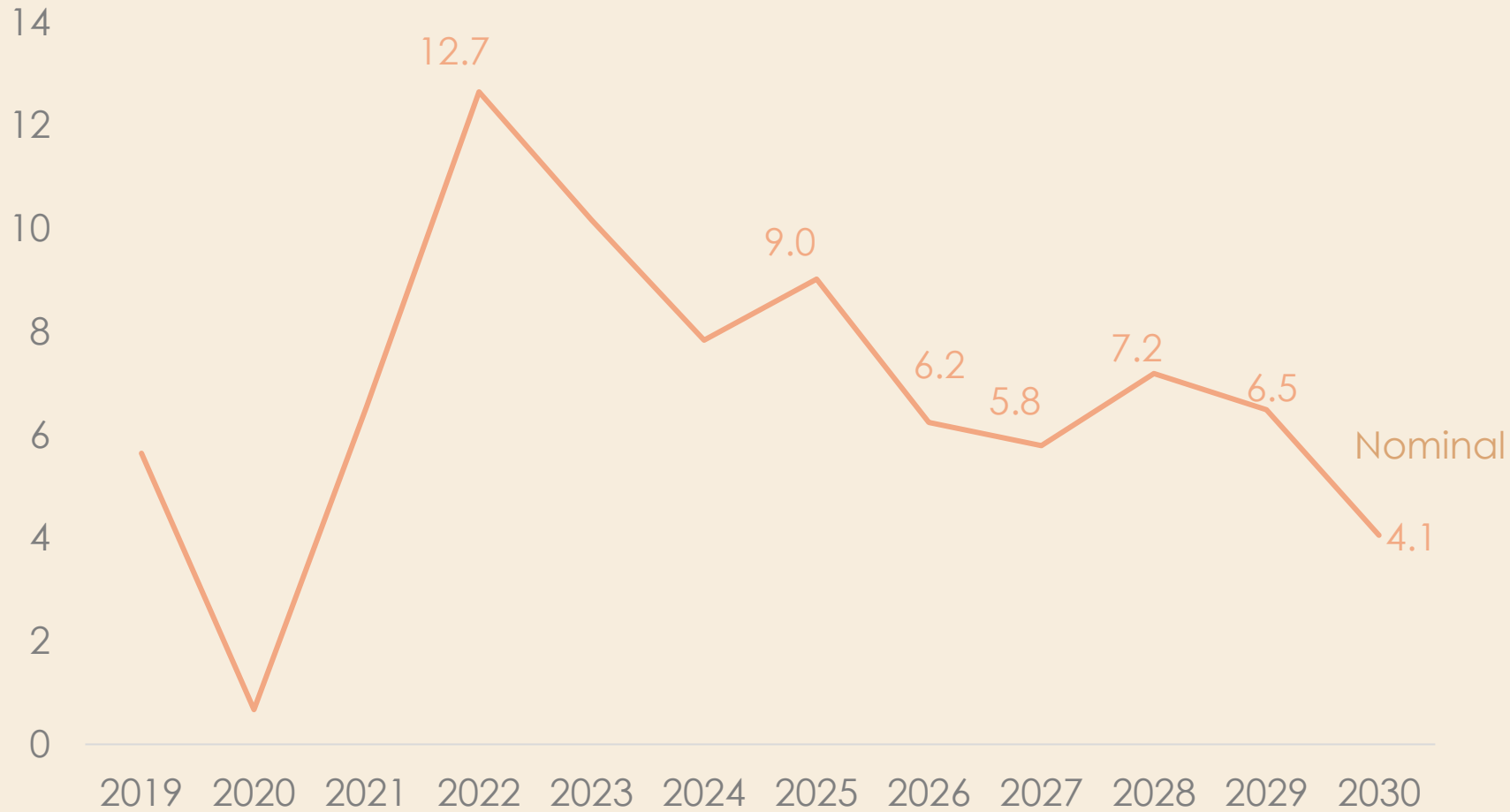
Ireland has a history of budgetary policy adding to the boom-bust cycle

Measures of budgetary policy and the economic cycle



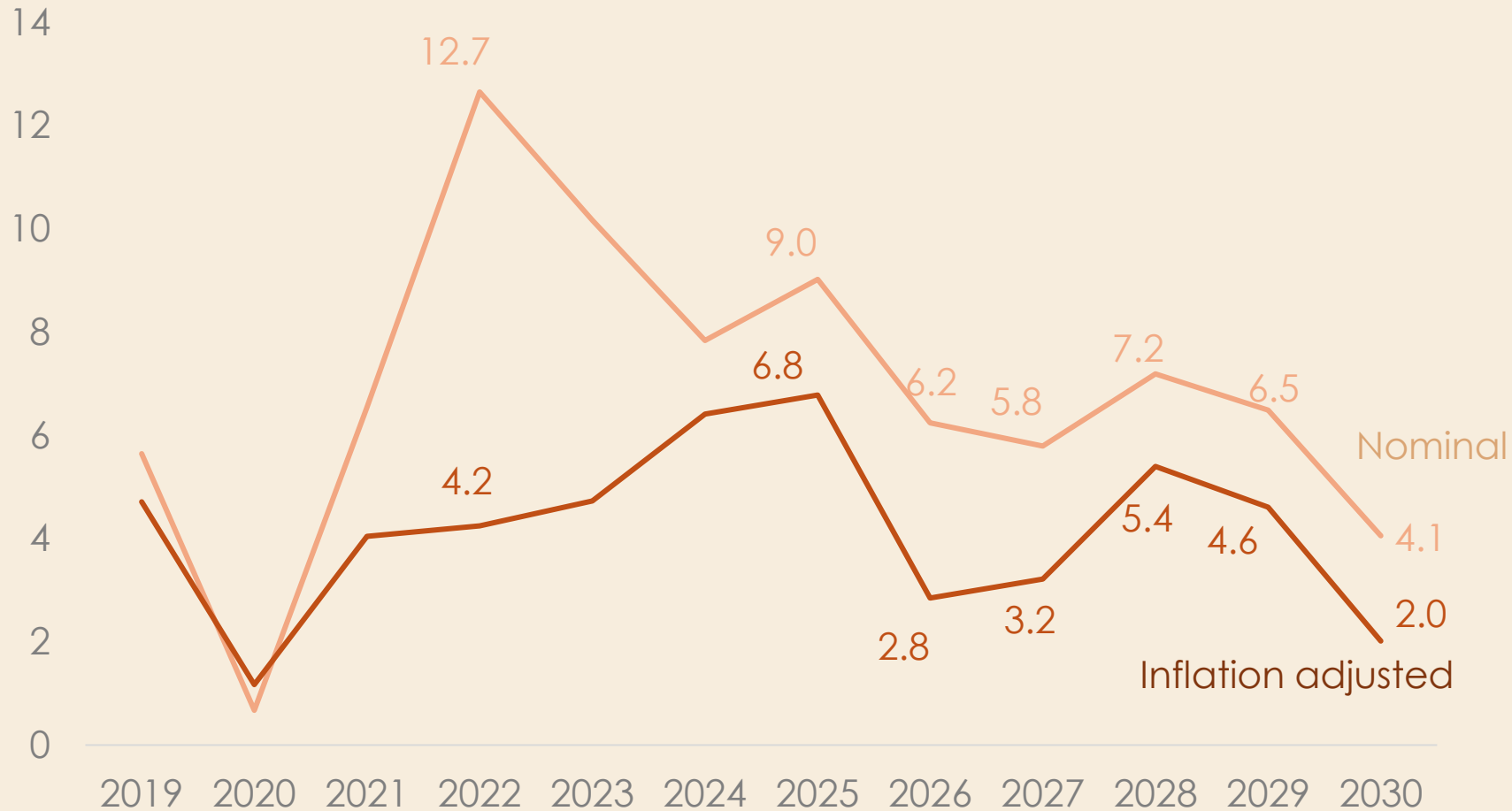
Net spending is growing at a fast pace

% growth in net spending



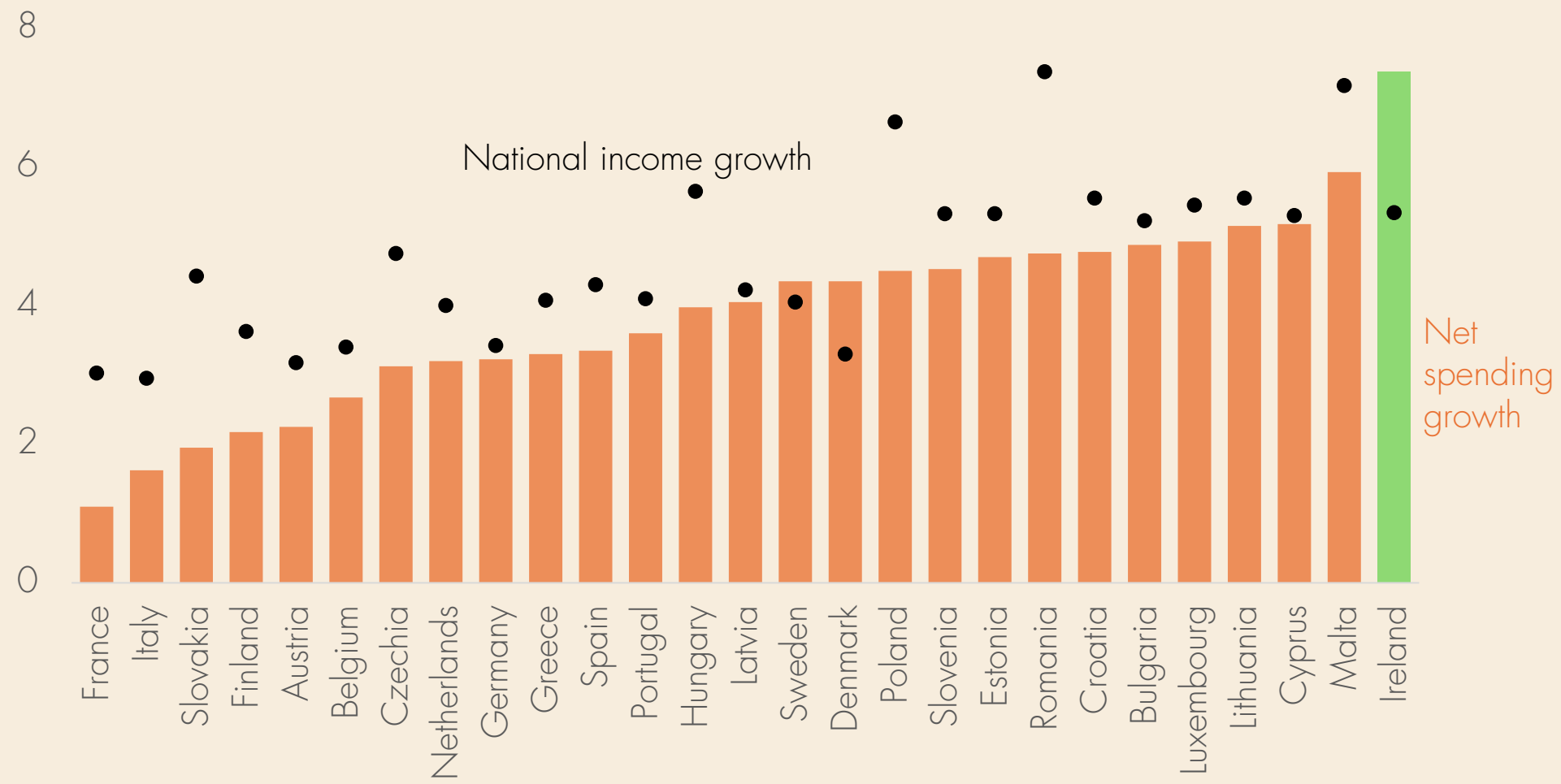
Net spending is growing at a fast pace

% growth in net spending



Ireland plans to have the fastest net spending growth in the EU

% average annual growth in net spending and national income, 2025–2028

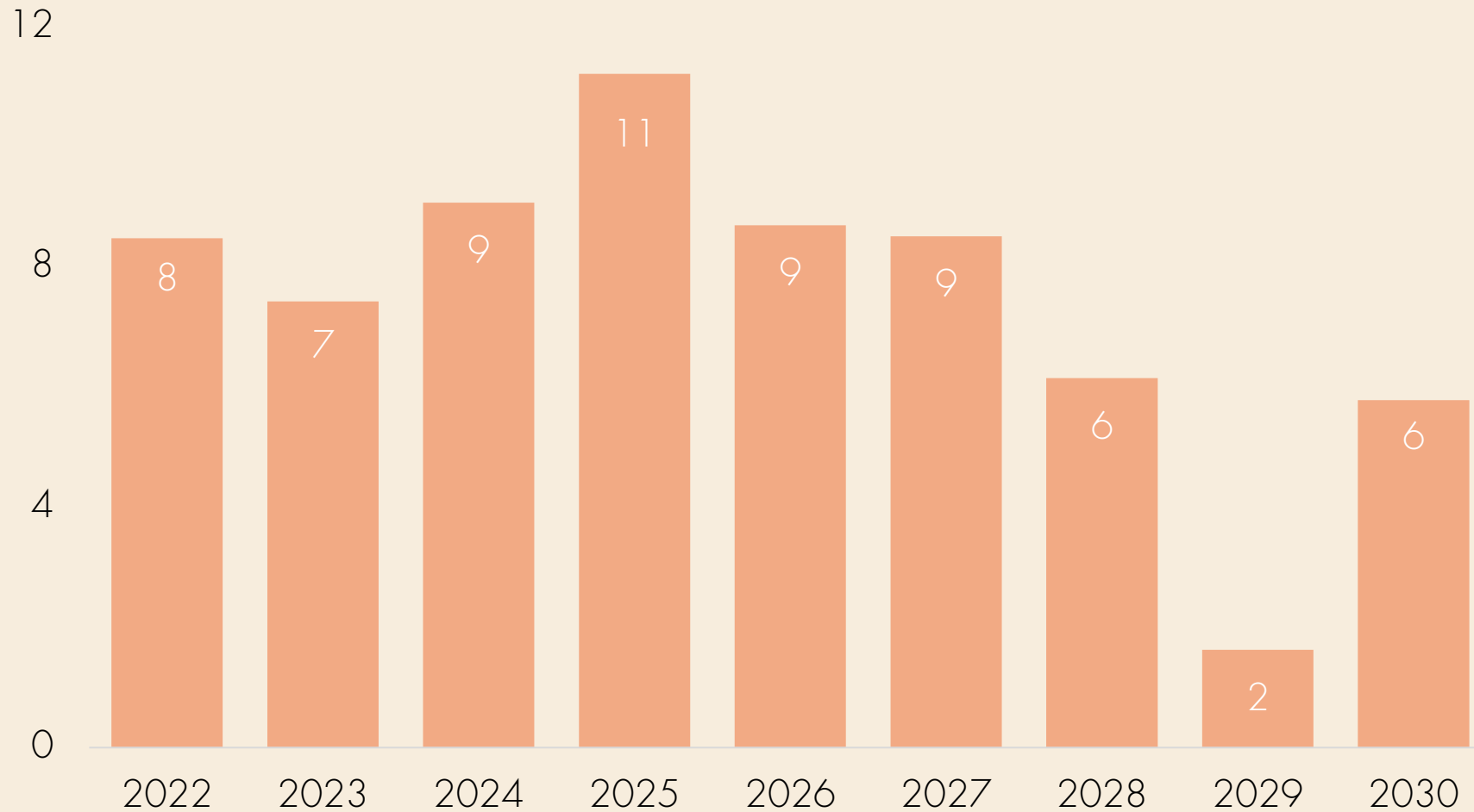


The revised medium-term plan is not an appropriate guide for budgetary policy

- Planned net spending growth is faster than the sustainable growth rate of the economy.
- Even breaking the limits is unlikely to lead to action.
- A domestic fiscal rule is needed.

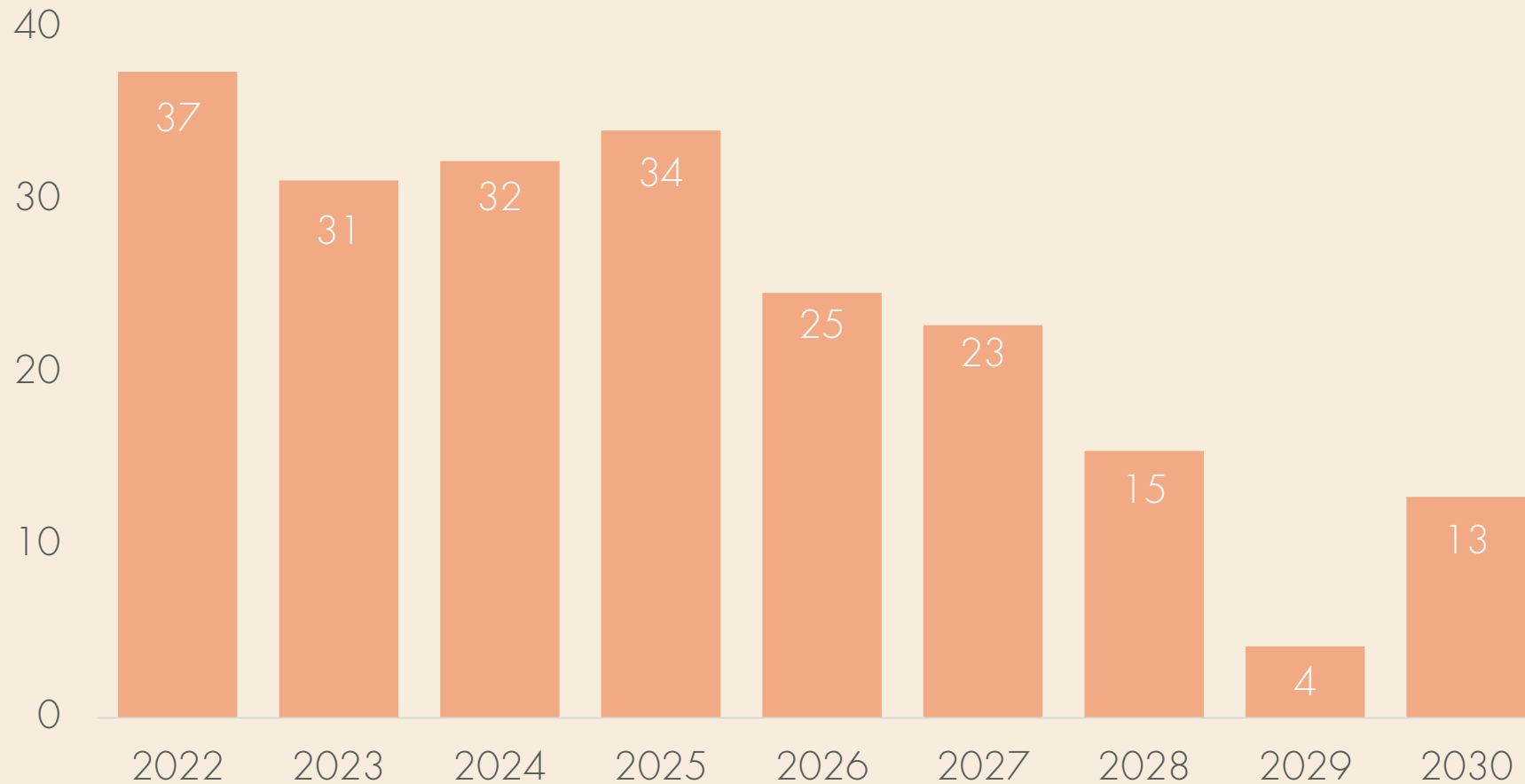
Smaller surpluses forecast for years ahead

General government surplus, € billions



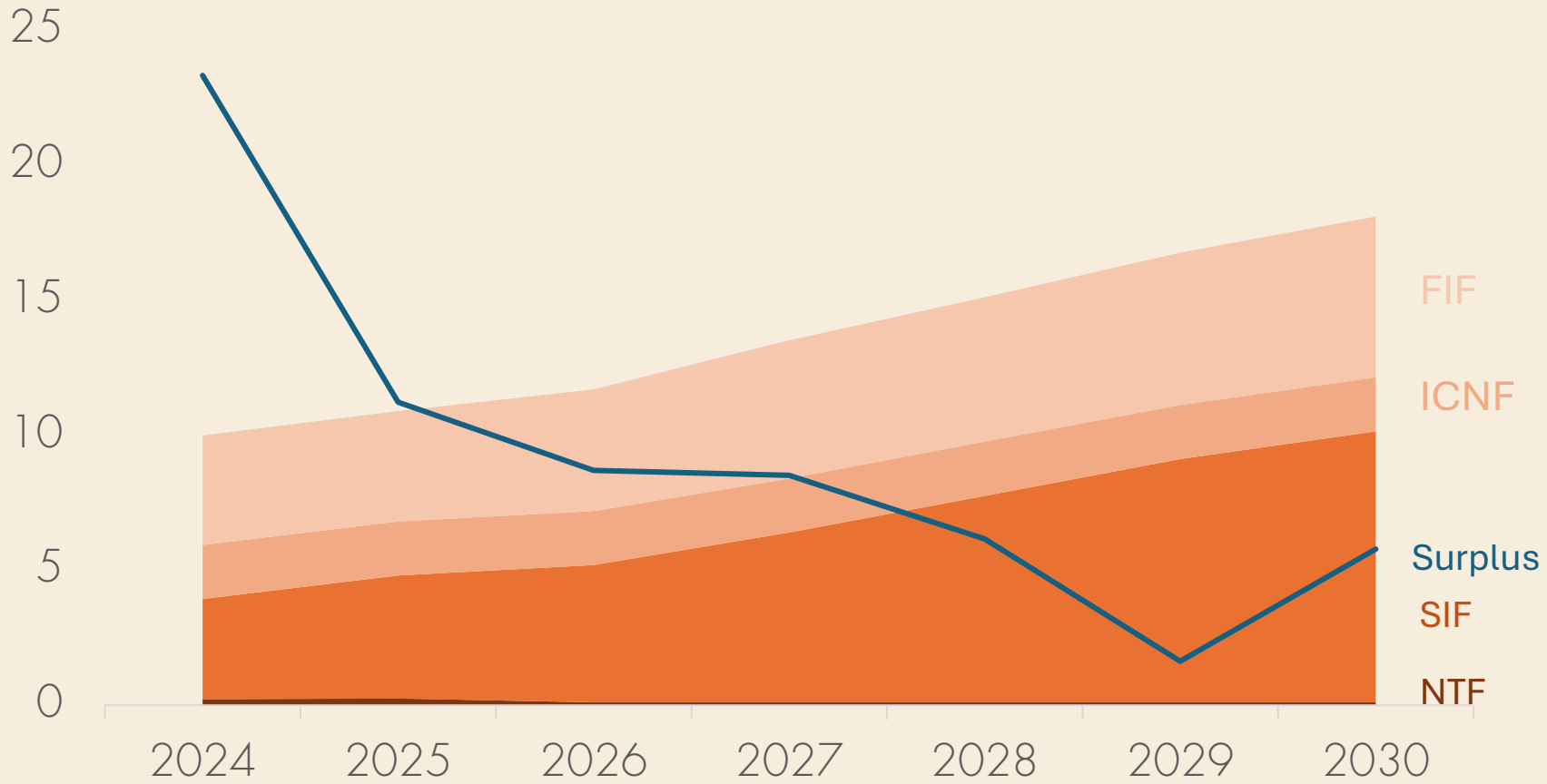
Plans to save €1 out of every €6 in corporation tax

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



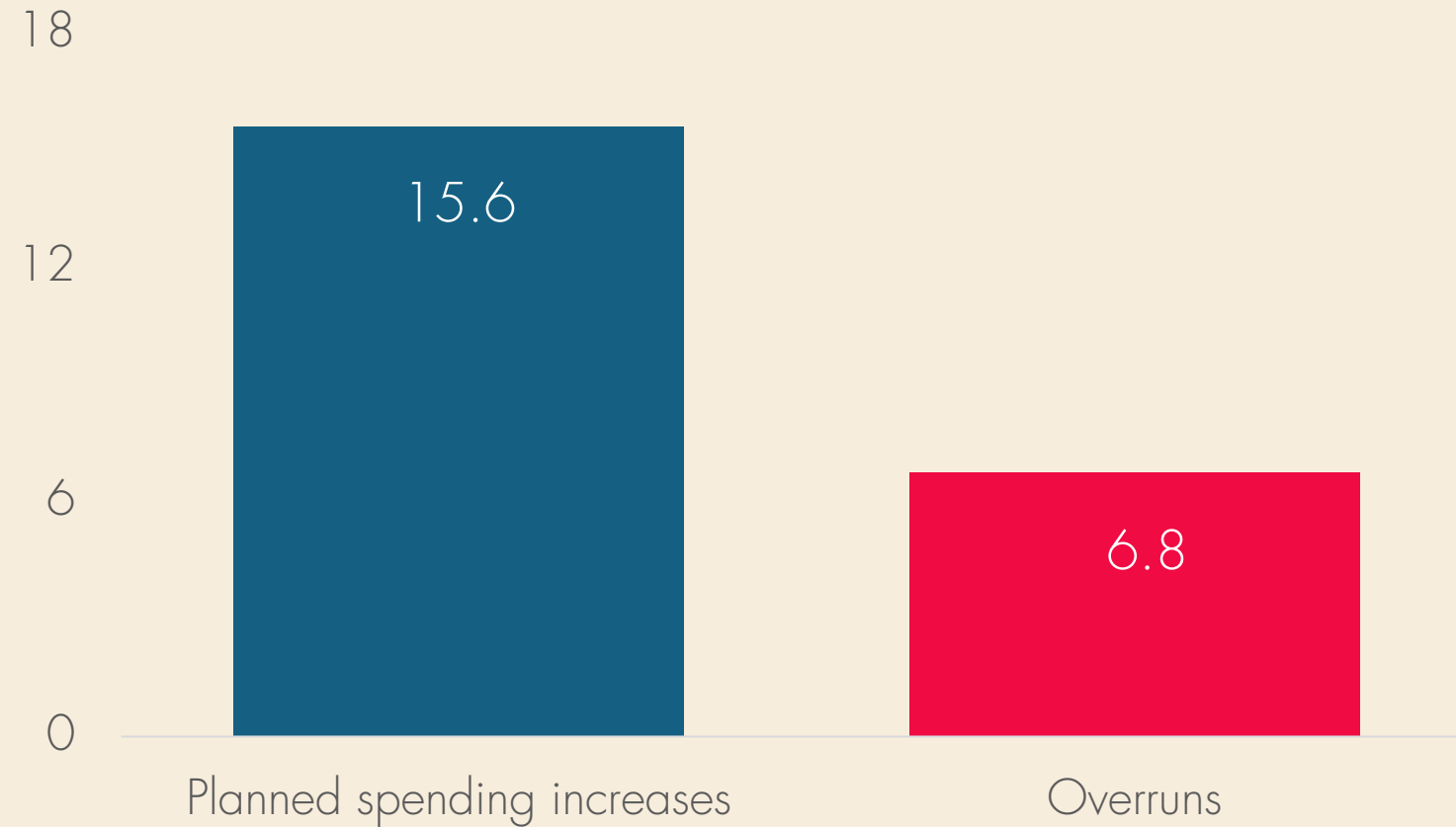
Surpluses are too small to fully fund contributions to savings funds

€ billion



Overruns have driven nearly 30% of spending increases

€ billion increases in expenditure since Budget 2024



Our advice

1. Ensure budgetary policy reduces the ups and downs of the economic cycle.
2. The Government should focus on running bigger surpluses.
3. The Government should set a domestic rule or guide for budgetary policy. The EU rules and medium-term plan can not be relied upon.
4. The Government should improve how it produces budgetary forecasts.