

Starter worksheet - Chapter 19

The Budget and how it impacts on an employee

Every October, the Government's Budget changes taxes, wages and supports – but what do those changes actually mean for workers?

In this activity, you will investigate how Budget decisions affect take-home pay and begin to understand why it is important to be an informed employee.



Activity: Let's look at how Budget 2026 impacted on a worker in Ireland on an income of €60,000.

Income tax in Ireland is a Progressive Tax - higher levels of income are taxed at higher rates (either 20% or 40% in Ireland)

1. Calculate Gross Income Tax by adding these two figures for each year

2. Calculate Net Income Tax by deducting tax credits from Gross Income Tax

3. To calculate take-home pay, deduct total deductions from gross pay (€60,000)

| Category | 2024 | 2025 |
|-------------------------------|---------|---------|
| Income taxed at 20% | €8,400 | €8,800 |
| Income taxed at 40% | €7,200 | €6,400 |
| Gross Income Tax | | |
| Tax Credits (Personal + PAYE) | €3,750 | €4,000 |
| Net Income Tax | | |
| USC Due | €1,705 | €1,346 |
| PRSI | €2,400 | €2,460 |
| Total Deductions | €15,955 | €15,006 |
| Take-Home Pay | | |

Did take-home pay increase in 2025 compared to 2024?

Identify any significant changes that caused the difference in take-home pay.

Tax credits increased in 2025. Based on your workings above, is this a good or bad thing for an employee? Why?