A Sustainable Future for Irish Retail

Budget 2027 priorities for competitiveness, investment and growth





Retail Ireland
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Budget 2027 – Introduction

Retail sits at the heart of Ireland's economy. It is where household income is spent, where communities come together, and where economic policy is felt most immediately in people's day-to-day lives.

It is also a dynamic and highly competitive sector, characterised by intense online competition, rapidly evolving technologies, and shifting regulatory and compliance obligations.

Budget 2027 comes at a time of uncertainty.

Businesses are managing sustained cost pressures, households are adjusting to changes in disposable income, and the wider economy is navigating global instability, energy volatility and rapid technological change.

At the same time, rising levels of theft, anti-social behaviour, and abuse are creating increasingly difficult trading conditions, particularly in urban centres. These pressures have a direct impact on staff and customer wellbeing, business operations, and the attractiveness of town and city centres for consumers.

Supporting the competitiveness and sustainability of the retail sector is therefore essential not only for business viability, but for protecting jobs, creating inclusive workspaces, supporting households, ensuring safe working environments, and maintaining vibrant and welcoming communities.

Budget 2027 should be framed within a targeted and proportionate response to current economic pressures, including the activation of a contingency reserve to respond to further energy or inflation shocks where required.

Importance of retail to wider economy

The retail sector directly employs over 300,000 people and supports many thousands more jobs throughout the supply chain, often in small, family-run businesses. Employment across the sector is spread right across the country. In every region, it is either the largest or second largest employer, with its share of employment typically ranging from 12% to 15.5%.

The economic activity generated in retail in turn supports local suppliers, producers and wider employment in the economy, as the money spent in shops locally then circulates throughout the local economy. For every €100 spend, the benefit locally can be as much as €500.

However, the positive impact of retail goes far beyond the economic benefits of the jobs it creates. Retail is often people's first experience of work. It gives them confidence, structure, customer skills, commercial understanding and the opportunity to build a career without the requirement to start with a traditional professional pathway. The sector plays a crucial role in developing its people and improving the local communities in which it operates. It contributes to the vibrancy and prosperity of localities, supporting sports clubs, community groups and charities.

The sector continues to evolve and is transforming how it operates to support environmental sustainability and the circular economy. At the same time, the sector is empowering the consumer so they can make informed choices about how they shop and make the best decisions for themselves and their families.

A dynamic, competitive and thriving retail sector is central to the success of the wider economy.

About Retail Ireland
Retail Ireland is the leading voice of the Irish retail sector, representing its interests to Government, the media, and stakeholders at both national and EU levels. Our membership spans the full breadth of the sector, from global multinationals to indigenous chains and independent operators. Through Retail Ireland Skillnet and our apprenticeship programme, we deliver Ireland's leading retail education and training initiatives, helping businesses invest in people, drive performance, and build long-term careers in the sector. Retail Ireland is the Irish representative within EuroCommerce, the Brussels-based organisation that represents the European retail and wholesale sectors. Retail Ireland is part of Ibec, Ireland's leading business and employers' organisation.

Overview



01 Address Rising Costs

- Postpone planned PRSI increases
- Double index the top rate entry point
- Reduce energy costs through targeted Exchequer intervention (including electricity cost subvention)
- Extend the Diesel Rebate Scheme to business fleets
- Expand the Small Benefits Exemption to €2,000 and simplify reporting
- Avoid adding further cost burdens to business during this period of inflation

02 Invest in Future Retail Skills



- Deploy €280m National Training Fund surplus to support in-work training
- Increase Skillnet and apprenticeship funding
- Introduce SME-focused AI and digital supports



03 Tackle Retail Crime

- Fully fund and implement the National Retail Crime Strategy
- Strengthen protections for retail workers
- Increase Garda visibility and investment in public safety
- Expand SME crime prevention supports

04 Support Urban Centres



- Provide multi-annual funding certainty for town and city renewal
- Establish a national town centre recovery fund
- Protect and accelerate delivery of key infrastructure projects



05 Accelerate the Green Transition

- Reduce energy costs while supporting decarbonisation
- Address grid constraints affecting retail
- Strengthen incentives for sustainable investment

01 Address Rising Costs



Budget 2027 should not introduce additional cost burdens on labour-intensive sectors such as retail during a period of elevated cost pressure.

Retail businesses are at the frontline of rising costs. The cumulative cost of labour, energy, logistics and compliance have increased dramatically in recent years, while ongoing competition and consumer sensitivity to price limit the ability of businesses to pass these costs on. For many retailers, particularly SMEs, this creates an increasingly narrow margin for sustainable operation. We are already seeing a stagnation in employment. Without policy intervention, there is a real risk of reduced employment, curtailed trading hours, and store closures.

Policy Proposals

1. **Postpone Planned PRSI Increases:** The planned increases in employer PRSI contributions should be postponed until broader cost pressures stabilise. The scheduled increase, with an estimated cost of €205 million in 2027, will disproportionately affect labour-intensive sectors such as retail, where employment costs are a central component of operating expenditure.

2. **Maintain Alignment of PRSI Thresholds:** Maintaining alignment between PRSI thresholds and wage levels is essential to ensure that entry-level retail roles remain viable and are not subject to unintended additional costs.

3. **Support Household Disposable Income and Consumer Demand:** Retail activity depends directly on consumer spending power. When household income is constrained, the impact is immediately visible on the high street. Incentivising active participation in the labour market should be furthered by adjusting thresholds in income tax bands and credits in order to avoid penalising wage growth. Measures to support disposable income should include:
    - ***Double index the top rate entry point, increasing by €3,000.*** The higher tax band has lagged behind earnings growth in recent years. Compounding this with elevated inflation, earners will now face a significant tax increase in real terms. Double indexation of the upper rate band above the rate of wage growth will avoid penalising the maintenance of earnings in real terms.
    - ***Increase Tax Credits above the rate of wage growth.*** Similarly to income tax, failing to adjust tax credits will result in a tax increase on earnings in real terms. The employee and earned income credits should be increased by €100.

4. **Address energy cost increases:** From lighting, refrigeration, and heating in stores, to warehousing, cold chain logistics, and nationwide distribution networks, energy is a core and unavoidable input cost for the sector. Sustained increases in electricity and fuel prices therefore have an immediate impact on operating margins and, ultimately, on consumer prices. Unlike some sectors, retailers have limited ability to absorb or pass on these increases in a highly competitive market. Rising energy costs therefore act as a direct pressure on the viability of businesses. In this context, improving energy cost competitiveness is critical not only for business sustainability, but also for protecting consumer purchasing power and supporting the wider domestic economy. Budget 2027 should include targeted measures to address these pressures:
    - Prepare ready-to-deploy emergency energy supports, including a €50 million framework, to respond rapidly to further price shocks.
    - Reduce policy-related costs on electricity through a targeted Exchequer intervention, including a €300 million subvention to address system charges and narrow the gap between Irish and European energy costs.
    - Ensure targeted and temporary energy supports can be deployed where required, recognising the ongoing volatility in global energy markets and the exposure of Irish businesses to price shocks.
    - Extend the Diesel Rebate Scheme to include own-account transport and company-owned fleets, reflecting the logistics and distribution profile of the retail sector.
    - Accelerate investment in energy infrastructure and delivery, including grid capacity and renewable energy projects, to reduce long-term system costs and improve energy resilience.
    - Strengthen engagement mechanisms between Government and business, ensuring that real-time impacts of energy price movements on sectors such as retail are reflected in policy responses.

    These measures will help to stabilise operating costs across the retail sector, support competitiveness, and limit the pass-through of energy price increases to consumers.

5. **Expand the Small Benefits Exemption and Reduce Administrative Burden:** Retail employers manage large and diverse workforces, often across multiple sites. The current structure of the Small Benefits Exemption and associated reporting requirements creates unnecessary administrative complexity. The exemption should be enhanced by:
    - increasing the annual limit to €2,000
    - allowing greater flexibility in how benefits are provided
    - exempting minor workplace gestures, such as small recognition items, up to €75

6. **Enhanced Reporting Requirements** should be simplified through periodic reporting, reducing the burden on employers without affecting compliance.

02 Invest in Future Retail Skills



Retail is undergoing a profound transformation. Digital technology, AI, and changing consumer expectations are reshaping how businesses operate and how customers engage.

Roles are evolving rapidly and require continuous upskilling. Retail employers are investing in their workforce, but accessible and targeted supports are required to ensure all parts of the sector, particularly SMEs, can keep pace. Without this, there is a risk of widening gaps in productivity and capability across the sector. Supporting labour market participation, including through childcare and flexible work policies, is also important in addressing workforce challenges.

Policy Proposals

1. **Fully Deploy the National Training Fund:** Retail employers contribute significantly to the National Training Fund through a payroll levy, which is projected to reach approximately €1.3 billion in 2027. This is at a time when major market developments, including the rapid advance of AI, demands increased and targeted investment in skills. Budget 2027 should:
    - introduce a multi-annual funding framework
    - deploy accumulated surplus funds to support in-work training
    - establish a cap on surplus levels, with clear mechanisms to ensure timely and effective deployment of funds

    Where funds cannot be effectively deployed, temporary suspension of the levy should be considered. Approximately €280 million should be allocated to workforce development, with a strong focus on sectors such as retail where large-scale upskilling is required.

2. **Expand SME Training and Digital Adoption Supports:** Smaller retailers require targeted support to adopt new technologies. This should include:
    - AI training grants of up to €10,000 per business
    - Expansion of digital supports such as the Grow Digital voucher scheme

    These measures will support productivity, competitiveness, and improved customer experience.

3. **Increase Investment in Skillnet Business Networks:** Skillnet Business Networks provide flexible, employer-led training that is highly responsive to industry needs. Increased funding will enable these networks to support a greater number of retail businesses, including through targeted programmes in digital skills, AI, and operational transformation.

4. **Strengthen Apprenticeship Supports:** Retail has significant potential to expand structured career pathways through apprenticeships, but higher participation requires stronger financial support for employers. A revised funding model should include increased grants of up to €7000 for participating employers. This will support businesses in developing future talent pipelines and provide clear progression opportunities for employees across the sector.

03 Tackle Retail Crime



Retail crime is having a significant and growing impact on the sector, affecting the safety and security of retail colleagues, disrupting business operations, and undermining public confidence in shopping environments. Incidents of theft, anti-social behaviour, and the abuse of staff have become more frequent and more serious, creating difficult and often unsafe working conditions for front-line employees and deterring customers from visiting affected areas.

Retailers continue to invest heavily in security, loss prevention, and staff training. However, this is not a challenge that can be addressed by businesses alone. The scale and persistence of retail crime now requires a clear, visible, and coordinated State response. Without this, the risk is not only to individual businesses, but to employment, community safety, and the long-term vitality of town and city centres.

Policy Proposals

1. **Publish and Urgently Implement the promised National Retail Crime Strategy:** Ensure full delivery of the Strategy, with a focus on visible enforcement and coordinated action and fully supported with a dedicated funding allocation.

2. **Strengthen Legal Protections for Retail Workers:** Introduce stronger protections for retail staff, including specific offences for assault or abuse and measures to address repeat offenders, including barring orders from retail premises.

3. **Expand Supports for SME Crime Prevention:** Introduce targeted supports to enable SMEs to invest in security measures and staff training.

4. **Improve Safety in Retail Locations:** Increase investment in:
    - visible Garda presence
    - lighting and public safety infrastructure

These measures are critical to restoring confidence in retail environments.

04 Support Urban Centres



Retail is closely tied to the health of Ireland's towns and cities. Where urban centres are vibrant, accessible, and safe, retail performs strongly. Where they face challenges such as vacancy, reduced footfall, or safety concerns, retail businesses are directly affected.

Retailers are central to town centres, providing employment, services, and a sense of place. Supporting urban renewal is therefore a key economic priority.

Policy Proposals

1. **Provide Funding Certainty for Urban Renewal:** Provide multi-annual, reliable funding to support urban regeneration initiatives, including delivery of Dublin City Centre Taskforce measures and associated public realm projects.

2. **Establish a National Town Centre Recovery Fund:** Introduce a dedicated fund to support:
    - commercial activity
    - footfall
    - safe and attractive retail environments

3. **Support Infrastructure Delivery:** Ensure critical infrastructure projects are delivered on time and protected from inflation-related delays, supporting accessibility and retail activity.

05 Accelerate the Green Transition



Retailers are investing in sustainability, including energy efficiency, building improvements, and low-carbon logistics. However, these investments are being made in a challenging cost environment. For the transition to succeed, it must be practical and affordable. Retailers must be supported to invest without undermining competitiveness.

Policy Proposals

1. **Reduce Energy Costs While Supporting Transition:** Introduce measures to improve energy affordability, as detailed above, while supporting decarbonisation objectives.

2. **Support Low-Carbon Investment in Retail and Logistics:** Provide incentives for investment in energy efficiency, sustainable buildings, and low-emission transport. Maintaining existing incentives for fleet electrification is essential. This includes retaining EV Benefit-in-Kind relief thresholds, including the €30,000 level.

3. **Address Grid Constraints:** Mitigate delays and costs associated with electricity capacity upgrades, which are limiting retail investment.

4. **Expand Supports for SMEs:** Ensure smaller retailers can access practical supports to invest in sustainability.

Conclusion

Budget 2027 presents an opportunity to reinforce the strength of Ireland's domestic economy.

For retail, the priorities are clear:

- **reducing cost pressures**
- **supporting household spending power**
- **investing in skills and adaptation**
- **maintaining vibrant towns and communities**

With targeted and proportionate measures, Budget 2027 can ensure that retail businesses continue to provide employment, support local economies, and contribute to sustainable national growth.



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