

---

**Submission to the  
Low Pay Commission  
on the Rate of the  
National Minimum Wage  
for 2027**

---

April 2026

SIPTU (the Services Industrial Professional and Technical Union) is Ireland's largest trade union. Our members are employed in the private, public and community sectors across a wide range of industries including services, manufacturing, transport, energy, aviation, construction, public administration, community and health. Thousands of SIPTU members are low paid and are struggling to survive the cost of living and housing crises.

SIPTU welcomes the opportunity to make this submission to the Low Pay Commission on the rate of the National Minimum Wage for 2027.

We support the analysis and proposals contained in the ICTU submission to the Low Pay Commission. We support the proposed increase of €1 in the National Minimum Wage. This would raise the minimum wage to 60% of the median wage – the target for the Government's living wage. By raising the statutory wage floor to this level, the Low Pay Commission can contribute to reducing low-pay in the economy, increasing employees' living standards and reducing wage and income inequality.

The following uses the example of the hospitality sector (accommodation and food services, including pubs) as this sector employs the largest number of minimum wage workers.<sup>1</sup>

A critical rationale for a €1 increase in the National Minimum Wage is the subsidy to the hospitality sector in the form of a reduction in VAT from 13.5% to 9%. In 2027, the full year subsidy is estimated to be at least €681 million.<sup>2</sup> Not all this amount will be directed to the hospitality sector. Other, smaller sectors will also benefit like cinemas, theatres, museums and hairdressing among others.

We estimate the hospitality sector will receive at least 80% of the total VAT-reduction.<sup>3</sup>

---

<sup>1</sup>Low\_Pay\_Commission\_Annual\_Report\_2025.pdf

<sup>2</sup>Budget 2026 Tax Policy Changes Summary

<sup>3</sup>[https://doi.org/10.2908/SBS\\_OVW\\_ACT](https://doi.org/10.2908/SBS_OVW_ACT)

---

In 2027, this subsidy could amount to approximately €2,800 per employee in the hospitality sector.

The VAT reduction was intended for the benefit of enterprises. There are two main stakeholders in enterprises: owners and employees. Therefore, it is logical for the Low Pay Commission to (a) factor in this subsidy when assessing ability-to-pay; and (b) ensure that a key stakeholder benefits from this new income flow.

Without the VAT reduction, the National Minimum Wage would need to increase between 65 and 70 cent per year up to 2029 in order to reach the target set by the Government of raising the minimum wage to 60% of the median wage.<sup>4</sup> Therefore, the VAT reduction premium for employees would only come to 35 cent. This would mean a small percentage of the total VAT reduction to hospitality enterprises being directed to employees.

Another factor is the unforeseen increase in inflation arising from US and Israeli invasion of Iran. The Government projected an inflation rate of 1.9% in 2026. With the wars in the Middle East, some forecasters are projecting an inflation rate of up to 4%.<sup>5</sup> If this holds, employees will see a real minimum wage increase of 2.9% fall to less than 1%. That the CSO finding that lower income deciles suffer a higher inflation rate than upper-income deciles highlights the need to support those most exposed to the cost-of-living crisis.<sup>6</sup>

In conclusion, SIPTU believes that a €1 minimum wage increase for 2027 (raising the minimum wage to €15.15) is both feasible and desirable. Business owners would still retain the majority of the benefit arising from the VAT reduction, but this increase would at least provide some benefit to the lowest-paid employees in the economy.

<sup>4</sup>Own calculation based on data from the Low Pay Commission report 2025

<sup>5</sup>Bank of Ireland warns inflation could reach 4%

<sup>6</sup>Estimated Inflation by Household Characteristics March 2023 - Central Statistics Office



[www.siptu.ie](http://www.siptu.ie)