Irish Association for Counselling and Psychotherapy Pre-Budget Submission 2027
Prioritising Ireland's Mental Health

July 2026

Executive Summary

The Irish Association for Counselling and Psychotherapy (IACP), representing more than 7,000 accredited members nationwide, urges the Government to make mental health a central priority in Budget 2027. As demand for mental health supports continues to grow, prudent investment in counselling and psychotherapy offers an opportunity to improve access to care, strengthen workforce capacity and reduce long-term pressures across the health system.

While the Government's alignment with the objectives of *Sharing the Vision* is welcome, what our therapists and communities need now is the fiscal and regulatory flexibility to turn the vision into a reality. We must move beyond shared aspirations and deliver the concrete solutions required to address professional shortages and remove the unnecessary financial barriers blocking access to care.

To practically address the ongoing pressures on our mental health system, the IACP calls on the Government to prioritise four key policy and financial interventions in Budget 2027:

- Make counselling and psychotherapy more affordable through VAT reform.
- Improve access to mental health support through tax relief.
- Invest in early intervention by permanently expanding school counselling.
- Protect public safety through regulation of AI mental health tools.

1. Removal VAT on Therapeutic Services

A straightforward, budget-neutral mechanism to instantly increase the availability and affordability of therapy is the removal of Value Added Tax (VAT) on counselling and psychotherapy services.

Under the current Irish tax code, mental health services are subject to uneven tax rules. Qualified practitioners in psychotherapy and counselling are required to charge 13.5 percent VAT once crossing the €42,500 annual turnover threshold, which directly increases the cost of therapy for clients. This system lacks parity with other essential mental health services, such as psychology, which has long been granted a full VAT exemption.

To support clients during this transition period, the IACP recommends introducing a temporary VAT-exempt status for qualified, accredited members of recognised professional bodies. This measure will establish fair and equal treatment across the mental health

professions, making essential therapy more affordable for clients. While the immediate cost to the Exchequer cannot be precisely calculated due to a lack of baseline state data, the investment will yield significant long-term savings by reducing the compounding operational pressure on acute HSE psychiatric services and general practice.

2. Extend Tax Relief to Counselling and Psychotherapy Fees

To establish true parity of esteem between mental and physical health, the IACP recommends that the Government extend standard health expense tax relief to counselling and psychotherapy fees.

While the state readily supports the cost of physical medical treatments through the tax code, extending this same support to counselling fees would provide much needed relief to individuals experiencing psychological distress. Alleviating this financial strain directly aligns with the core mandate of *Sharing the Vision*, which calls for "*parity of effort and emphasis on mental health promotion and physical health promotion*." This supportive measure will empower people to seek early intervention, fostering a healthier society and reducing long-term, chronic pressure on state-funded healthcare and welfare systems.

Extending health expense tax relief to counselling and psychotherapy would encourage individuals to seek support earlier, before difficulties become more complex and costly to address. It would also provide practical assistance to working individuals and families who do not qualify for publicly funded supports but face increasing financial barriers in accessing therapy.

3. Permanently Invest in and Expand School Counselling

True economic and social efficiency relies on early intervention. The IACP has long advocated for the integration of formal therapeutic infrastructure within our education system. We welcomed on establishment, and continue to support, the Department of Education's €5 million Counselling in Primary Schools Pilot.

However, the exceptional uptake of this scheme demonstrates that we must now look beyond temporary pilot measures to meet the true scale of need across the country.

The latest operational data from the pilot, while positive, underscores a clear, widespread demand for early-intervention mental health supports in our schools:

- Under Strand 1, more than 8,100 individual counselling sessions have been delivered across seven counties, with 43 private practitioners supporting hundreds of children. This strong engagement highlights how readily school communities embrace these supports.
- The expansion of the pilot to 61 urban DEIS primary schools in areas of high disadvantage, such as Tallaght, Clondalkin, Finglas, Ballymun, and Darndale, has already enabled 151 children to rapidly access essential one-to-one therapy. This is a

highly positive step that demonstrates the acute need for targeted, local intervention.

- The recruitment of 20 NEPS-trained Education Wellbeing Practitioners across 77 schools in Cork, Carlow, and Dublin has successfully established early intervention pathways for mild to emerging needs. To sustain this progress, we recommend establishing these as permanent, embedded school wellbeing teams.

While the Centre for Effective Services continues its formal evaluation, the emerging evidence from the pilot demonstrates clear and sustained demand for school-based counselling supports. The widespread uptake of counselling services reflects a meaningful opportunity to meet a critical and urgent need.

Budget 2027 should provide the funding to transition this framework into a permanent, fully resourced statutory service embedded across all primary and secondary schools in Ireland. Children need a seamless continuum of care; extending this infrastructure to second-level schools ensures that early-stage interventions can be sustained, helping to prevent young people from requiring more acute, specialist services like CAMHS down the road.

5. A Legislative Ban on Unregulated AI 'Therapist'

Ireland faces an immediate public safety threat from the rise of unregulated, commercial Artificial Intelligence (AI) 'therapy' chatbots. The IACP recommends that the Government introduce the regulation of AI tools that market themselves as therapeutic substitutes for qualified mental health professionals and as part of Budget 2027, address the structural understaffing of community mental health teams and HSE services.

Unregulated AI 'therapy' acts as a false economy. It promises a cheap, scalable solution but ultimately drives a massive, compounding financial deficit into the State's long-term healthcare and social welfare budgets. AI programmes operate on plausible text generation, they lack clinical judgment[1], cannot perform risk assessments, and have no ethical or legal mechanism to trigger emergency interventions. When vulnerable individuals rely on these text-generation algorithms, early-stage mental health issues can escalate into acute crises, including severe self-harm and psychosis. This directly shifts the financial burden from low-cost, preventative primary care onto highly expensive, state-funded crisis resources. Treating a patient in an acute HSE psychiatric unit costs the Exchequer thousands of euros per week[2], compared to a fraction of that cost for community-based counselling. By failing to regulate these automated tools, the State is actively creating an expensive backlog that will

[1] B Arnaiz-Rodriguez, A. (2026). Between help and harm: An evaluation study of mental health crisis handling by large language models. *JMIR Mental Health*, *13*(1)

[2] Houses of the Oireachtas. (2021). Written Answers: Mental Health & Acute Bed Service Costs (Question 1874). Dáil Éireann Debate, July 27, 2021.

compound existing waiting lists and drive up long-term operational deficits across the health service.

Furthermore, allowing unregulated automated tools to substitute the primary care market poses a severe risk to the State's human healthcare infrastructure. At a time when Ireland already faces a critical shortage of mental health professionals, the unchecked expansion of AI 'therapy' risks undermining the economic viability of qualified, accredited counsellors and psychotherapists. Our members undergo years of rigorous training, continuous development, personal therapy, and mandatory clinical supervision to safely manage risk and build the crucial 'therapeutic alliance' - the real, human relationship between therapist and client. Allowing unregulated AI companions and chatbots to impersonate therapists and offer emotional advice bypasses these professional standards, creating an unfair market distortion that threatens to hollow out the profession. Replacing human-to-human contact risks normalising a facade of artificial relationships and deepening a dependency on artificial interaction. If qualified professionals are displaced or discouraged from practice due to unregulated automation, Ireland could permanently lose its frontline mental health workforce - a structural deficit that no algorithm can fix.

These advanced, high-risk technologies have already been linked to high-profile tragedies involving suicide and worsened delusions[3]. At a time when loneliness and isolation constitute a national public health crisis[4], public policy must fund genuine human connection. To safeguard our communities, we urge the Government, through Budget 2027, to fund robust regulatory frameworks to safely govern these tools, ensuring they always support, rather than replace, essential human care.

Conclusion

Budget 2027 presents an opportunity to deliver meaningful progress on Ireland's commitment to accessible, community-based mental health care. The measures proposed by the IACP would improve affordability, strengthen early intervention, support workforce sustainability and safeguard the public as new technologies emerge. Collectively, these recommendations represent practical investments in a healthier, more resilient Ireland.

We appreciate the opportunity to share these insights with the Department, and we thank you for your time, consideration, and shared commitment to supporting mental health in Ireland.

[3] Chung, V. H. A. (2026). Mass Media Narratives of Psychiatric Adverse Events Associated With Generative AI Chatbots: Rapid Scoping Review. *JMIR Mental Health*, *13*(1).

[4] From loneliness to social connection - charting a path to healthier societies: report of the WHO Commission on Social Connection. Geneva: World Health Organization; 2025. Licence: CC BY-NC-SA 3.0 IGO.

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