
[07.01.23] Ex-Gratia Magdalen Laundry Payments

Exemption from tax, s205A

Updated January 2017

1. Introduction

Section 205A Taxes Consolidation Act 1997 provides an exemption from tax for ex-gratia payments made by the Minister for Justice and Equality and for certain payments made by the Minister for Social Protection pursuant to the Magdalen Commission Report in respect of women who were admitted to and worked in certain institutions.

The payments will not be subject to income tax or USC. In addition, they will not attract a charge to Capital Gains Tax or be treated as a gift or inheritance for the purposes of Capital Acquisitions Tax.

The section applies to payments made on or after 1 August 2013.

2. Definitions

For the purposes of the section:

- a **'relevant individual'** is an individual to whom a relevant payment has been made, and
- a **'relevant payment'** is a payment or payments made, directly or indirectly, to a relevant individual by or on behalf of the Minister for Justice and Equality in accordance with the Table of Payments set out in Appendix A to the [Magdalen Commission Report of May 2013](#) (pages 65-67).

3. Exemption

The exemption from tax applies to any of the following payments:

- a) A relevant payment;
- b) An amount equal to the [State Pension \(Contributory\)](#) as set out in column 2 of Part 1 of Schedule 2 of the Social Welfare Consolidation Act 2005 to a relevant individual;
- c) An amount equal to the [State Pension \(Non-Contributory\)](#) as set out in Part 3 of the Social Welfare Consolidation Act 2005 to a relevant individual; and
- d) Any payment, other than a payment referred to in paragraphs (a) to (c) above, made by or on behalf of the Minister for Social Protection to a relevant individual by virtue of them being a relevant individual. This includes a maximum payment of €100 p.w. to those less than 65 years of age.

Income consisting of any payments to which this section applies will not be subject to tax.

4. How Magdalen laundry payments are identified

All ex-gratia lump sum payments ('relevant payments') made in accordance with the Magdalen Commission Report of May 2013 will be made by the Department of Justice and Equality (DJ&E) following submission of the necessary applications to them.

The details of the other payments to 'relevant individuals' which will be exempt from tax will be determined by the Department of Social Protection (DSP) in conjunction with the DJ&E. Revenue are being advised by DSP of these other payments.

The following material is either exempt from or not required to be published under the Freedom of Information Act 2014.

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A more recent version of this manual is available.