

Ex-Gratia Magdalen Laundry Payments

Part 07-01-23

This document should be read in conjunction with sections 205A and 613 of the Taxes Consolidation Act 1997 and section 82 of the Capital Acquisitions Tax Consolidation Act 2003

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A more recent version of this manual is available.

1. Introduction

Payments made in respect of the Magdalen Restorative Justice Ex-Gratia Scheme ("the Scheme") are disregarded for income tax, capital gains tax and capital acquisition tax purposes, by virtue of sections 205A and 613 of the Taxes Consolidation Act 1997 (TCA) and section 82 of the Capital Acquisitions Tax Consolidation Act 2003, respectively.

Broadly, such payments include ex-gratia payments made by the Minister for Justice and certain payments made by the Minister for Social Protection (see [Tax Exemption for payments made under the Scheme](#) for further details).

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

2. Finance Act 2018 Amendments

Finance Act 2018 extended the scope of the Scheme to include women who worked in the laundries of the Magdalene Institutions but resided in one of the fourteen adjoining institutions.

As a result, payments made under the Scheme to women who resided in the adjoining institutions are exempt from income tax, capital gains tax and capital acquisition tax, in the same manner as payments made to women who were resident in the Magdalen Institutions.

Finance Act 2018 also extended the exemption from tax to include investment income derived from the investment of the compensation proceeds received under the Scheme. Thus, the investment of such proceeds received under the Scheme will not attract a charge to income tax, DIRT or capital gains tax.

3. Tax Exemption for payments made under the Scheme

Section 205A TCA provides for an exemption from income tax in relation to a "relevant payment" which includes:

- a payment or payments made directly or indirectly to a recipient on behalf of the Minister for Justice under the Magdalen Restorative Justice Ex- Gratia Scheme;
- an amount equal to the State Pension (Contributory) as set out in Column 2 of Part 1 of Schedule 2 to the Social Welfare Consolidation Act 2005;
- an amount equal to the State Pension (Non-Contributory) as set out in Part 3 of the Social Welfare Consolidation Act 2005;
- any other payment made by or on behalf of the Minister for Social Protection to a 'relevant individual', that is an individual to whom a payment has been made under the Magdalen Restorative Justice Ex-Gratia Scheme.

Note: Section 613 TCA and section 82 CATCA provide an exemption from capital gains tax and capital acquisitions tax, respectively, in respect of payments made under section 205A TCA.

4. Exemption for Investment Income and Gains

Income derived from the investment of a relevant payment is exempt from income tax in accordance with section 205A(2)(b) TCA.

Gains accruing on the disposal of assets acquired directly or indirectly with such relevant payment or with exempt income derived from such payments are exempt from capital gains tax in accordance with section 205A(3) TCA.

The investment exemption applies from 1 August 2013.

Generally, a claim for a refund of tax is subject to a four-year time limit in which a taxable event occurs. However, the deadline has been extended for repayment claims for taxes paid between 1 August 2013 and 31 December 2014, which arose as a result of the investment of Magdalen redress payments. In consequence, the deadline for making a claim for repayment in relation to the tax years 2013 and 2014 will be 31 December 2019 for these cases. The usual time limits apply with regard to refund claims for the tax year 2015 and subsequent years.

5. How Magdalen laundry payments are identified

All ex-gratia lump sum payments ('relevant payments') made under the Magdalen Restorative Justice Ex-Gratia Scheme will be made by the Department of Justice(DOJ) following submission of the necessary applications to them.

The details of the other payments made to such individuals which will be exempt from tax will be determined by DOJ and advised to Revenue.

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