

## **TOP SLICING RELIEF**

### **Extract from Budget Speech:**

“In the last Budget I abolished Top Slicing Relief on all ex-gratia lump sum payments made in respect of retirements, or terminations of employment, where they were €200,000 or over. I have decided to go further this year and abolish this relief entirely, given that it operates to provide additional relief to those who may be in receipt of very significant ex gratia lump sum payments”

### **What was announced**

The following is based on details announced in the Budget on 15 October, 2013 and may be subject to changes or clarification in the forthcoming Finance (No.2) 2013 Bill, which will be published later this month.

### **Abolition of Top Slicing Relief in respect of Ex-Gratia Termination Lump Sums**

There are specific tax exemptions for ex-gratia or discretionary payments<sup>1</sup> made on termination of employment or retirement. The same exemptions and reliefs apply to all employees and office holders in receipt of such ex-gratia payments.

Any balance of the ex-gratia payment after the calculation of the exemptions and reliefs is liable to income tax. An additional relief called Top Slicing Relief was available in relation to this taxable amount. The Government has now decided to abolish Top Slicing Relief in respect of all ex-gratia termination lump sum payments made on or after 1 January 2014.

**This measure will have no impact on retirement lump sums paid under Revenue approved pension arrangements and under statutory schemes. In addition, it should be noted that statutory redundancy payments are exempt from income tax.**

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<sup>1</sup> These include

- Redundancy payments made on the termination of the holding of an office or employment.
- Ex-gratia payments made on death or disability grounds.