



# Supreme Court Will Hear Case on Whether Severance Pay Is Subject to Payroll Tax

As part of our continuing effort to keep you informed of current tax topics, this e-alert updates our [January, 18, 2013 e-alert](#).

The United States Supreme Court granted certiorari on October 1, 2013 in *United States v. Quality Stores, Inc.* This case could resolve a split between the Sixth Circuit (*United States v. Quality Stores, Inc.*, 693 F.2d 605 (Sept. 7, 2012)) and Federal Circuit (*CSX Corp. v. United States*, 518 F.3d 1328 (Fed. Cir. 2008)) over whether severance payments to employees are "wages" subject to Social Security and Medicare taxes. The result of the case could significantly impact both employees receiving severance payments and employers making such payments. A decision is expected in 2014.

If you have any questions about this ruling, or any tax controversy or tax planning topic, feel free to contact the authors, your Reinhart attorney or any member of Reinhart's Tax Practice.

## POSTED:

Oct 1, 2013

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