

6. Multiply line 5 by .25.

7. If line 4 is smaller than line 6, you are not eligible for this deduction. Enter 0. If line 4 is larger than line 6, subtract line 6 from line 4 and enter the result here and on Schedule Y, line 11.

Line 12. Undergraduate Student Loan Interest Deduction

A deduction is allowed for interest paid on a qualified undergraduate student loan. To be eligible for the deduction, the “education debt” must be a loan that is administered by the financial aid office of a two-year or four-year college at which you, or a qualified dependent, were enrolled as an undergraduate student. Additionally, the loan must have been secured through a state student loan program, a federal student loan program, or a commercial lender, and must have been spent solely for the purposes of paying tuition and other expenses directly related to the school enrollment. Enter the amount of such interest paid in Schedule Y, line 12. This deduction is only allowed if not claiming the same expenses in line 10 of Schedule Y, Student Loan Interest Deduction.

Line 13. Deductible Amount of Qualified Contributory Pension Income from Another State or Political Subdivision Included in Form 1, Line 4

Massachusetts allows a deduction for contributory pension income received from another state or one of its political subdivisions that does not tax such income from Massachusetts or its political subdivisions. For guidelines to determine which state’s pensions are exempt in Massachusetts, see TIR 95-9. Enter any deductible amount of such income in line 13 of Schedule Y that was included in Form 1, line 4.

Line 14. Claim of Right Deduction

Taxpayers who have paid Massachusetts personal income taxes in a prior year on income attributed to them under a “claim of right” may deduct the amount of that income from their gross income if it later develops that they were not in fact entitled to the income, and have repaid the amounts in question. The deduction is allowed in the year of repayment, provided that the repayment is not otherwise deductible in determining Massachusetts income taxable under MGL ch 62. Some examples in which the claim of right may be applied for are:

▶ **Stock under claim of ownership.** Gains from sales of stock under a claim of ownership must

be included, regardless of whether the taxpayer actually owned it;

▶ **Employment contracts.** Amounts in settlement of employment contracts must be included notwithstanding the prospect of eventual repayment to the employer of an amount equivalent to or greater than the amount received;

▶ **Dividends.** Where a taxpayer receives a dividend that must be repaid in a later year (e.g., because it impaired corporate capital), the dividend must be included in the year of receipt;

▶ **Corporate notes.** Where a taxpayer receives a distribution with respect to holding of notes, the income must be included regardless of whether it could be challenged by senior creditors;

▶ **Mistake in validity of claim.** The claim of right doctrine applies where a taxpayer merely mistakes the validity of his claim;

▶ **Advanced insurance commissions; or**

▶ **Repayment of unemployment compensation and supplemental unemployment benefits in a subsequent year.**

If you are entitled to claim this deduction, enter the amount claimed in Schedule Y, line 14. For more information, see TIR 06-4.

Line 15. Commuter Deduction

A deduction is allowed for certain amounts paid by an individual for tolls paid for through an E-Z Pass account or all MBTA fares, not just weekly or monthly transit commuter passes, and includes RTA fares, bikeshare memberships, bike purchases (including e-bikes), bike improvements/repair/storage, and fares on non-MBTA commuter boats that are owned, operated or contracted by a municipality or a public or quasi-public entity, agency or authority, not including amounts reimbursed or otherwise deductible.

In the case of a single person or a married person filing a separate return or as head of household, this deduction applies only to the portion of such expended amount that exceeds \$150, and the total amount deducted cannot exceed \$750. In the case of a married couple filing a joint return, this deduction applies only to the portion of such amount expended by each individual that exceeds \$150, and the total amount deducted cannot exceed \$750 for each individual. Also, one spouse cannot transfer his or her excess deduction to the other spouse; separate worksheets must be completed to calculate the deduction. See TIR 06-14 for additional information.

The deduction is allowed where an individual purchases an MBTA pass for a dependent who is claimed on that individual’s tax return, provided the dependent does not also claim the deduction.

However, the total amount deducted cannot exceed \$750 for each individual taxpayer who is filing a return. In the case of married taxpayers filing a joint return, the total amount deducted cannot exceed \$750 per taxpayer; thus, the maximum deduction for a joint return is \$1,500.

Complete the Schedule Y, Line 15 Worksheet to calculate the commuter deduction.

Schedule Y, Line 15 Worksheet. Commuter Deduction

1. Enter amount paid in 2023 for tolls through an E-Z Pass account.

2. Enter amount paid in 2023 for commuting costs. (Do not include amounts reimbursed or otherwise deductible)

3. Add lines 1 and 2. If \$150 or less, you do not qualify for this deduction. Omit remainder of this worksheet. Otherwise, complete lines 4 through 6.

4. Enter \$150.

5. Subtract line 4 from line 3.

6. Enter the lesser of line 5 or \$750 here and on Schedule Y, line 15.

Line 16. Deduction for Expenses of Human Organ Transplant

An individual may deduct certain expenses and other costs incurred in the process of donating an organ for a human organ transplant to another individual. For purposes of this deduction, “human organ” shall mean all or part of human bone marrow, liver, pancreas, kidney, intestine or lung. In the case of an individual who donates an organ to another person for human organ transplantation, the individual may deduct the following expenses that are incurred by the individual and related to the individual’s organ donation:

- ▶ Travel expenses;
- ▶ Lodging expenses; and
- ▶ Lost wages not to exceed \$10,000.

An individual who is a nonresident of Massachusetts for all or part of the taxable year is not eligible to claim this deduction. If you are entitled to claim this deduction, enter the amount claimed in Schedule Y, line 16. See TIR 11-6 for further information.