



THOMAS G. SHACK III, ESQ.  
COMPTROLLER

# Commonwealth of Massachusetts

## OFFICE OF THE COMPTROLLER

ONE ASHBURTON PLACE, 9<sup>TH</sup> FLOOR  
BOSTON, MASSACHUSETTS 02108  
TELEPHONE (617) 727-5000  
WWW.MASS.GOV/COMPTROLLER

**MMARS Policy: Payroll**

**Issue Date: July 1, 2004**

**Date Last Revised: October 17, 2008**

## **Mandatory and Voluntary Deductions: MBTA Passes**

### **Executive Summary**

The Commonwealth supports the Massachusetts Bay Transportation Authority (MBTA) program, which allows employees to purchase transit passes through a payroll deduction as a qualified transportation fringe benefit. Transit passes are pre-tax deductions based on the federally approved dollar amount according to IRS Code 26, section 132(f) and on the state approved dollar amount in M.G.L. 62. Any amount over the designated pre-tax amount will be deducted on a post tax basis. The State and federal pre-tax benefit applies to both income and Medicare taxes. For multiple pass purchases, the calculation will only apply to the transit pass that provides the greatest pre-tax benefit.

### **Considerations**

This policy applies to all Commonwealth Branches and Departments.

### **Policy**

The qualified transportation benefit is administrated through departments' MBTA coordinators and the Office of the Comptroller. Departments will make the deductions and deliver passes, and if needed, make requests for refunds or replacements to CTR's Payroll Bureau. The CTR Payroll Bureau will handle the deduction processing: paying the MBTA and making refunds or replacements.

### **MBTA Coordinators**

Departments who utilize the MBTA pass deduction are required to assign an MBTA Coordinator for each Department's location. This Coordinator will be responsible for receiving and dispersing MBTA passes to their employees.

### **Transit Pass Refunds**

Refunds for Charlie Card or Charlie Tickets are available under two conditions: the employee returns the product, and the request occurs in the first 5 business days of the benefit month. All refunds must be submitted to the Comptroller's Office to ensure tax balances are corrected for W2 reporting.

### **Replacement Pass**

Replacement passes are available for products offered under the MBTA's Charlie Card Program. The Charlie Card is a single-issue card assigned to specific employees and is self renewing. Charlie Tickets are only valid for 1 month and do not self renew. Charlie Tickets cannot be replaced. Lost Charlie cards will be replaced subject to verification and as soon as administratively possible.

### **MBTA Deductions:**

- Are administered jointly by the Office of the Comptroller and each Department;
- Are offered to all Commonwealth employees;
- Are available through an employee's payroll office;
- Are deducted in the first biweekly pay period of the month for the next month's pass;
- Depending on the value of the pass purchased, all or a portion of the deduction is treated as a federal pre-tax benefit; and
- Require a Deduction Form for MBTA pass to be filled out by the employee.

MBTA Deduction Forms: <https://www.benstrat.com/ctbform/index.html>

### **Internal Controls**

See [Best Practices For Payroll](#).

### **Information Sources**

Related Procedure – None

- Legal Authority
- 26 IRC 132(f) Non-Cash Transportation Benefits
- Comptroller Policy Memo #299 as amended
- IRS Publication 535 Business Expenses
- DOR TIR 99-23
- DOR TIR 00-04
- DOR TIR 00-12
- IRS Notice 94-3
- Massachusetts General Laws, Chapter 7A, Sections 3, 7 and 8
- Massachusetts General Laws, Chapter 180, Section 17H
- Attachments - None
- Links - None
- Contacts – [CTR Help Desk](#) 617-973-2468
- [Comptroller Web Portal Homepage](#)

### **Revisions**

**October 17, 2008** – Added details regarding the refund and Replacement process for Charlie Products.

**November 1, 2006** – Removed language referencing Knowledge Center and updated relevant links to [mass.gov/osc](http://mass.gov/osc) portal site.