



**New York Deduction for Student Loans Discharged
Due to Death or Disability**

Chapter 456 of the Laws of 2017 added Tax Law § 612(c)(42) to provide a new subtraction modification when computing New York adjusted gross income (NYAGI) for the income recognized from student loan debt discharged due to death or disability. The subtraction is available if the student or parent borrower had a student loan discharged, in whole or in part, if the discharge was:

- allowed under § 437(a) or (d) of the Higher Education Act of 1965 or the parallel benefit provided pursuant to Part D of Title IV of such act,
- allowed under § 464(c)(1)(F) of the Higher Education Act of 1965, **or**
- otherwise discharged on account of the death or total permanent disability of the person on whose behalf the indebtedness was incurred.

For purposes of this modification, the term *student loan* means:

- a student loan as defined in Internal Revenue Code § 108(f)(2), **or**
- a private education loan, as defined in § 140(7) of the Consumer Credit Protection Act.

If a loan discharge is eligible for this subtraction modification, taxpayers may claim it on [Form IT-225](#), *New York Modifications*. Enter on line 10, column A, the amount of the student loan that was discharged and use code **S-134**.

This subtraction modification may be claimed for tax years 2017 and after.

Note: An N-Notice is generally issued to announce a singular event, such as an update to a previously issued tax form or instruction, or to announce a new due date for filing returns and making payments of tax because of a natural disaster. The department does not revise previously issued N-Notices.