

OBBBA Insight: IRS Issues Guidance on Reporting Car Loan Interest for 2025



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On October 21, the IRS issued transitional guidance for businesses required to report car loan interest under the One Big Beautiful Bill Act (OBBBA). [Notice 2025-57](#) provides penalty relief and guidance to lenders on new information reporting requirements for car loan interest received in 2025.

Background

For tax years 2025-2028, individuals may deduct up to \$10,000 annually of interest paid on a loan used to purchase a “qualified vehicle.” The indebtedness must be incurred by the taxpayer after December 31, 2024, for the purchase of a passenger vehicle for personal use.

A qualified vehicle includes a new car, minivan, van, SUV, pick-up truck, or motorcycle with a Gross Vehicle Weight rating of less than 14,000 pounds that has undergone final assembly in the United States.

The potential deductibility of this interest necessitates new reporting requirements for businesses that receive interest of **\$600 or more** from any individual in a calendar year on a loan for a qualified vehicle. Section 6050AA(b) prescribes the information that must be reported, which includes:

- The name and address of the individual from whom the interest was received.
- The amount of interest received for the calendar year.
- The amount of outstanding principal on the qualified vehicle loan as of the beginning of such calendar year.
- The date of origination of such a loan.
- The year, make, model, and vehicle identification number of the applicable passenger vehicle that secures such a loan; and
- The name, address, and phone number of the recipient of the interest payment.

Transitional Relief for 2025 – Simplified Reporting Allowed

The Treasury Department and the IRS recognize that interest recipients require additional time to make necessary changes to their systems to achieve full compliance with the extensive information reporting requirements under section 6050AA.

Businesses receiving interest on a qualified vehicle loan in **2025** will satisfy the reporting obligations if they make a statement available to borrowers on or before **January 31, 2026**, reporting the amount of interest received in calendar

year 2025 on a qualified vehicle loan.

Acceptable methods of reporting this information include, but are not limited to:

- via an online account portal that the individual can easily access;
- a regular monthly statement;
- an annual statement that is provided to the individual; or
- by other similar means designed to provide accurate information to the individual regarding the total interest.

The IRS will not impose penalties on businesses for a failure to file information returns or provide statements to borrowers if they satisfy the above requirements for interest received in 2025. The information does not need to be reported to the IRS in 2025.

For questions on Notice 2025-57 or other provisions of the OBBBA, contact your Dean Dorton or other professional advisor.