

NOTICE TO ALL CLIENTS

AUTO LOAN INTEREST – NEW 2025 DEDUCTION UNDER THE OBBBA

The One Big Beautiful Bill Act (OBBBA) created a new deduction starting in tax year 2025 that may allow taxpayers to deduct auto loan interest from their income.

If you paid interest on a vehicle loan in 2025, please let our office know during your appointment.

WHO MAY QUALIFY

- You paid interest on a secured auto loan in 2025
- The vehicle is used for essential personal transportation such as driving to work, medical appointments, school/childcare, and essential errands
- Your income is within the IRS limits for this deduction
- You are not deducting the same interest as a business expense

WHO DOES NOT QUALIFY

- Vehicles where interest is deducted for business use on Schedule C, E, or F
- Vehicles using the Standard Mileage Rate for business
- Unsecured or undocumented private loans
- Vehicles used primarily for non-essential or recreational purposes

HOW MUCH CAN BE DEDUCTED

- Up to \$5,000 of qualified auto loan interest per return
- Deduction phases out at higher income levels
- Lender documentation is required

WHAT YOU NEED TO BRING

- 2025 auto loan interest statement
- Description of how the vehicle is used
- Business-use percentage if applicable

If you have questions about whether your auto interest qualifies, please ask before your return is prepared.