Deducting Loan Interest Paid *on a Personal Vehicle*

For **tax years 2025 through 2028**, individuals may deduct up to $10,000 of car loan interest paid on a vehicle **purchased for personal use**.

The taxpayer must meet the following criteria:

- The **interest must be paid on a loan** that is:
  - originated after December 31, 2024,
  - used to purchase a new vehicle (used vehicles and lease payments do not apply),
  - for a personal use vehicle (not for self-employment use), and
  - secured by a lien on the vehicle.
- A qualified vehicle is a **car, minivan, van, SUV, pick-up truck or motorcycle**, with a gross vehicle weight rating of less than 14,000 pounds, and that has **undergone final assembly in the United States**.
- **Use the** VIN Decoder **website** to determine if the vehicle's plant of manufacture was located in the United States. The vehicle **must have undergone final assembly in the United States**. The location of final assembly will also be listed on the vehicle information label attached to each vehicle on a dealer's premises. The **taxpayer must include** the Vehicle Identification Number (**VIN**) of the qualified vehicle **on the tax return** for any year in which the deduction is claimed.
- If a qualifying vehicle loan is later refinanced, interest paid on the refinanced amount is generally eligible for the deduction.

Lenders or other recipients of qualified interest **must file information returns with the IRS** and **furnish statements to taxpayers** showing the total amount of interest received during the taxable year.

Note: **if the taxpayer began using the vehicle for self-employment** (e.g. rideshare), you must **limit the loan interest deduction** to the **percentage of time** the car was used for **personal use**. The taxpayer can take the percentage of the loan interest deduction attributable to self-employment as a Schedule C expense.