Wealth Enhancement®



Hi {Firstname},

The *One Big Beautiful Bill Act* (OBBBA) quietly tucked in a perk that could benefit those considering a new vehicle: a tax deduction of **up to $10,000 per year for interest paid on certain auto loans**.

This provision runs from 2025 through 2028, so it's worth understanding.

What qualifies and what doesn't:

To claim this deduction, all of the following must be true:

- **Vehicle type**: Only *new* passenger vehicles including cars, vans, SUVs, pickup trucks, and motorcycles. No RVs, ATVs, trailers, or pre-owned vehicles.
- **Assembled in the U.S.**: Where the vehicle is built, not the brand name, matters.
- **Personal use only**: Business or resale purchases aren't eligible.
- **Loan timing:** The loan must begin after December 31, 2024. Interest on earlier loans is not deductible, unless you refinance in 2025 or later without increasing the original loan balance. A new loan on a fully paid-off car doesn't qualify.

The dollar limits and income phase outs:

- **Max deduction**: You can deduct up to $10,000 per year of qualifying interest.
- **Income phase outs**: The deduction starts shrinking if your modified adjusted gross income (MAGI) exceeds $100,000 (single filer) or $200,000 (married filing jointly). *For every $1,000 over these thresholds, the deduction is reduced by $200.* At $150,000 MAGI for single filers or $250,000 for joint filers, the benefit disappears entirely.

I cover a few additional noteworthy planning items pertaining to this provision in the video above. Please feel free to listen to the video if this deduction sparks your interest, or when your schedule permits.

Enjoy the day and please don't hesitate to reach out with any questions!



Source: Kitces.com

Important Disclosure: *The information contained in this newsletter does not constitute as tax advice and should not be misconstrued as a recommendation. Consult with your CPA or tax professional for guidance related to your specific circumstances and situation. Wealth Enhancement Group and WEBS does not provide tax advice.*



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