



# Insights

## Supplemental Update: IRS Issues Transitional Relief for 2025 Vehicle-Loan Interest Reporting

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This update supplements our prior client alert, “New Reporting and Deduction Rules for Vehicle Loans Under the One Big Beautiful Bill Act” issued October 16, 2025 and highlights the IRS’s transitional guidance issued in Notice 2025-57, that provides penalty relief and simplified reporting procedures for the 2025 calendar year.

### Background

As discussed in more detail in our prior alert, among the many changes within the One Big Beautiful Bill Act, P.L. 119-21 (“OB3”) was a new, temporary above-the-line deduction for interest paid on qualifying passenger-vehicle loans under §163(h)(4)(E) of the Internal Revenue Code (“Code”). In connection with this temporary deduction, OB3 created a corresponding lender reporting obligation under §6050AA of the Code. On qualifying passenger-vehicle loans originated on or after January 1, 2025, lenders receiving qualifying interest are required to file an information return with the Internal Revenue Service (“IRS”) and provide a statement each year to borrowers containing specific information about the borrower, the vehicle, the loan, and the interest received. However, the IRS has yet to release the standardized form, expected to be analogous to Form 1098, despite a reporting due date for lenders of January 31, 2026, for interest received in 2025.

### IRS Notice 2025-57 Provides Transitional Relief

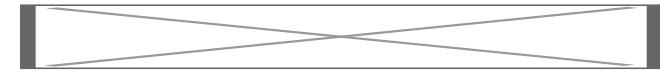
On October 21, 2025, the Internal Revenue Service released Notice 2025-57, providing transitional guidance under newly enacted IRC §6050AA for information reporting of interest received on specified passenger-vehicle loans during calendar year 2025<sup>1</sup>. The IRS said that it is providing the relief for one year to help any recipients who need more time to change their systems and to allow the IRS time to change its programming and forms to implement §6050AA.

Notice 2025-57 provides:

- Lenders may satisfy §6050AA reporting for 2025 interest by furnishing each applicable borrower a borrower statement on or before January 31, 2026, showing the total interest received for the year (but with no corresponding reporting due to the IRS in 2026).<sup>2</sup>
- The IRS will not impose penalties under §§6721–6722 for 2025 interest if the borrower statement is provided by the January 31, 2026 deadline.
- This relief is transitional only; full reporting requirements and standardized IRS forms will apply for subsequent years once issued.

### Key Takeaway

Financial institutions may rely on this first-year temporary relief for 2025, provided a borrower statement is delivered by January 31, 2026. Institutions should continue developing systems to comply with the complete



reporting and data requirements once formal IRS forms are released.

If you have questions about the new requirements, the temporary relief, or need assistance designing compliant reporting and verification procedures, please contact Kendall Schnurpel, Brett Ashton, or your Krieg DeVault attorney.

<sup>1</sup> Notice 2025-57 will be published in Internal Revenue Bulletin (IRB): 2025-45, dated: November 03, 2025

<sup>2</sup> The interest recipient can make this statement available to the individual via, for example, 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 amount of interest received in calendar year 2025 on a specified passenger vehicle loan.

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