

Checkpoint Contents

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IRS Rulings & Releases

Revenue Rulings & Procedures, Notices, Announcements, Executive & Delegation

Orders, News Releases & Other IRS Documents

Notices (1980 to Present)

2025

Notice 2025-57, 2025-45 IRB -- IRC Sec(s). 6050AA; 6721; 6722, 10/21/2025

ADVANCE

Notices

Notice 2025-57, 2025-45 IRB, 10/21/2025, IRC Sec(s). 6050AA

Information reporting—loan interest; qualified passenger vehicle loans—penalties—transition relief.

Headnote:

IRS provided transitional guidance regarding Code Sec. 6050AA; reporting obligations for interest received on qualified passenger vehicle loans in calendar year 2025. Under this guidance, lenders and other interest recipients may satisfy their Code Sec. 6050AA; reporting obligation by making a statement available to the individual, by 1/31/2026, indicating the total amount of interest received in 2025 on a specified passenger vehicle loan. Also, IRS won't impose Code Sec. 6721; or Code Sec. 6722; penalties on interest recipients who meet the reporting obligations for 2025 as set out herein.

Reference(s): Code Sec. 6050AA; Code Sec. 6721; Code Sec. 6722;

Full Text:

Part III - Administrative, Procedural, and Miscellaneous

Transitional Guidance Regarding Returns Relating to Certain Interest on Specified Passenger Vehicle Loans Received in a Trade or Business

1. PURPOSE

This notice provides transitional guidance with respect to returns relating to certain interest on specified passenger vehicle loans received in a trade or business from individuals, required to be filed under new  section 6050AA of the Internal Revenue Code (Code)¹ as enacted by section 70203 of Public Law 119-21, 139 Stat. 72, 176 (July 4, 2025), commonly known as the One, Big, Beautiful Bill Act (OBBBA). To ensure efficient administration of this new provision,  section 3 of this notice provides that recipients of such interest may satisfy the reporting obligations under  section 6050AA for such interest received on a specified passenger vehicle loan in 2025 by making a statement available to the individual indicating the total amount of interest received in calendar year 2025 on a specified passenger vehicle loan.

2. BACKGROUND

.01. New Reporting Under Sections 163(h)(4) and 6050AA

As amended by the OBBBA,  section 163(h)(4) provides that the term “personal interest” (as defined in  section 163(h)(2)) does not include “qualified passenger vehicle loan interest” (as defined in  section 163(h)(4)(B)) (QPVLI) for taxable years beginning after December 31, 2024, and before January 1, 2029. Thus,  section 163(h)(4) permits a deduction for QPVLI under  section 163(a) for those taxable years.

 Section 6050AA requires information reporting with respect to interest received on a specified passenger vehicle loan. This interest may be QPVLI that is deductible under  section 163(a).

Under  section 6050AA(a), any person engaged in a trade or business, referred to herein as the “recipient,” who, in the course of that trade or business, receives from any individual interest aggregating \$600 or more for any calendar year on a specified passenger vehicle loan, must file an information return reporting the receipt of interest. A “specified passenger vehicle loan” is indebtedness described in  section 163(h)(4)(B). That is, it is indebtedness incurred by the taxpayer during the taxable year and after December 31, 2024, for the purchase of, and that is secured by a first lien on, an applicable passenger vehicle for personal use. The term “applicable passenger vehicle” is defined in  section 163(h)(4)(D).

 Section 6050AA(b) provides that the information return filed by the recipient must be in the form prescribed by the Secretary of the Treasury or the Secretary's delegate (Secretary) and must contain: (A) the name and address of the individual from whom the interest was received;

(B) the amount of interest received for the calendar year; (C) the amount of outstanding principal on the specified passenger vehicle loan as of the beginning of such calendar year; (D) the date of origination of such loan; (E) the year, make, model, and vehicle identification number of the applicable passenger vehicle which secures such loan (or such other description of such vehicle as the Secretary may prescribe); and (F) such other information as the Secretary may prescribe.

Section 6050AA(c) provides that every person required to make an information return under section 6050AA(a) must also furnish to each individual whose name is required to be included in the return a written statement showing the name, address, and phone number of the information contact of the recipient, and the information required to be included in the information return under section 6050AA(b)(2)(B) through (F). Section 6050AA(c) also provides the written statement must be furnished on or before January 31 of the year following the calendar year for which the return was required to be made.

.02. Penalties Under Sections 6721 and 6722

Section 6721 imposes a penalty for any failure to file an information return on or before the required filing date, and for any failure to include all the information required to be shown on a return or the inclusion of incorrect information.

Section 6722 imposes a penalty for any failure to furnish a payee statement on or before the required furnishing date to the person to whom such statement is required to be furnished, and for any failure to include all the information required to be shown on a payee statement or the inclusion of incorrect information.

Section 6724(a) provides that no penalty may be imposed under sections 6721 and 6722 if it is shown that any failure was due to reasonable cause and not willful neglect. Section 6724(d)(1)(B)(xxix) defines an “information return” for purposes of section 6721 as including a return required by section 6050AA(a). Under section 6724(d)(2)(MM), a payee statement is defined for purposes of section 6722 as including the statement required by section 6050AA(c).

3. TRANSITIONAL GUIDANCE

The OBBBA was signed into law on July 4, 2025. Section 163(h)(4), as amended, and new section 6050AA apply to indebtedness incurred after December 31, 2024. This section 3 provides transitional guidance regarding section 6050AA for a taxable year beginning after December 31, 2024, and ending on or before December 31, 2025. The transitional guidance provided in this section does not affect or delay the applicability of section 163(h)(4).

The Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) understand that recipients may need additional time to make the necessary changes to their systems to comply with their new information reporting responsibilities under section

6050AA. In addition, the IRS needs additional time to make necessary programming and form updates to implement  section 6050AA. The Treasury Department and the IRS are also aware that individuals need information on how much interest they paid or accrued in 2025 in order to determine the amount of interest that may be deductible as QPVL on their individual income tax returns for the 2025 taxable year.

Accordingly, the Treasury Department and the IRS are providing transitional guidance with respect to the reporting obligations under  section 6050AA with regard to interest that a recipient received on a specified passenger vehicle loan in calendar year 2025. As described in this transitional guidance, the recipient may satisfy the reporting obligations under  section 6050AA for interest received in calendar year 2025 on a specified passenger vehicle loan by making a statement available to the individual on or before January 31, 2026, indicating the total amount of interest received in calendar year 2025 on a specified passenger vehicle loan. 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. In addition, the IRS will not impose penalties under  sections 6721 and  6722 on recipients of interest that have satisfied the reporting obligations under  section 6050AA for calendar 2025 as described in this notice.

4. EFFECTIVE DATE

This notice is effective for returns and statements related to interest received during calendar year 2025 on a specified passenger vehicle loan.

5. PAPERWORK REDUCTION ACT

The Paperwork Reduction Act of 1995 (-) (PRA) generally requires that a Federal agency obtain the approval of the Office of Management and Budget (OMB) before collecting information from the public, whether such collection of information is mandatory, voluntary, or required to obtain or retain a benefit. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by the OMB.

The collections of information in this notice are in  section 3. The collections of information include recordkeeping requirements that are necessary to ensure taxpayers can determine the amount of specified passenger vehicle loan interest paid or accrued in 2025. The collections will be used by the IRS for tax compliance purposes and by taxpayers to calculate their

deduction. The likely respondents are corporations and partnerships.

Estimated number of respondents: 35,800 respondents.

Estimated number of responses: 8,000,000 responses.

Estimated frequency of responses: Annually.

Estimated average time per response: 0.25 hours.

Estimated total annual burden: 2,000,000 total burden hours.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by  section 6103 of the code.

The collection of information contained in this notice has been submitted to the OMB under control number 1545-2334.

6. DRAFTING INFORMATION

The principal author of this notice is the Office of Associate Chief Counsel (Procedure & Administration). For further information regarding this notice contact the office at (202) 317-3400 (not a toll-free call).

¹ Unless otherwise specified, all “section” or “§” references are to sections of the Code or the Income Tax Regulations (26 CFR part 1).

END OF DOCUMENT -

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