



441 G St. N.W.
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B-338735

October 8, 2026

The Honorable Mike Crapo
Chairman
The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

The Honorable Jason Smith
Chairman
The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
House of Representatives

Subject: *Department of the Treasury, Internal Revenue Service: Car Loan Interest Deduction*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of the Treasury, Internal Revenue Service (IRS) entitled "Car Loan Interest Deduction" (RIN: 1545-BR75). We received the rule on September 8, 2026. It was published in the *Federal Register* on September 8, 2026. 91 Fed. Reg. 57214. The stated effective date of the rule is November 9, 2026.

According to IRS, this rule contains final regulations regarding the deduction for certain taxpayers for an amount up to \$10,000 of qualified passenger vehicle loan interest. IRS stated that the rule also contains final regulations regarding new information reporting requirements for certain persons who, in a trade or business, receive from any individual interest aggregating \$600 or more for any calendar year on a specified passenger vehicle loan, including applicable penalties for failures to file information returns or furnish payee statements as required. IRS noted that the rule affects taxpayers that may deduct qualified passenger vehicle loan interest, and also persons subject to the rule's information reporting requirements.

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). This rule was published in the *Federal Register* on September 8, 2026. 91 Fed. Reg. 57214. The Senate received the rule on September 10, 2026. 172 Cong. Rec. S4796 (daily ed. Sept. 17, 2026). The House of Representatives received the rule on September 16, 2026. 172 Cong. Rec. H6000 (daily ed. Sept. 24, 2026). The stated effective date of the rule is November 9, 2026. Therefore, the stated effective date is less than 60 days from the date of receipt by Congress.

Enclosed is our assessment of IRS's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions

about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact me at (202) 512-8156.

A handwritten signature in black ink that reads "Shirley A. Jones". The signature is written in a cursive, flowing style.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Oluwafunmilayo Taylor
Section Chief
Internal Revenue Service

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE
ENTITLED
“CAR LOAN INTEREST DEDUCTION”
(RIN: 1545-BR75)

(i) Cost-benefit analysis

The Department of the Treasury, Internal Revenue Service (IRS) prepared an analysis of the costs and benefits of this rule. 91 Fed. Reg. 57214, 57228–32 (Sept. 8, 2026). IRS stated that the rule clarifies section 70203 of Public Law 119-21, 139 Stat. 72, 176 (July 4, 2025), commonly known as the One Big Beautiful Bill Act (OBBBA), which amends section 163(h) of the Internal Revenue Code to provide a newly allowable income tax deduction for qualified passenger vehicle loan interest (QPVLI). *Id.* at 57228–30. According to IRS, the rule assists taxpayers in understanding and claiming the QPVLI deduction, and reduces taxpayer compliance burdens, which may also increase consumer demand for applicable passenger vehicles and specific passenger vehicle loans, namely loans for new U.S.-assembled vehicles. *Id.* at 57230.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603–605, 607, and 609

The Treasury Department and IRS determined this rule will likely have a significant impact on a substantial number of small entities. 91 Fed. Reg. at 57233. Accordingly, IRS provided a final regulatory flexibility analysis in the rule. *Id.*

(iii) Agency actions relevant to sections 202–205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532–1535

According to IRS, this rule does not include any federal mandate that may result in expenditures by state, local, or tribal governments, or by the private sector in excess of the Act’s threshold. 91 Fed. Reg. at 57234.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On January 2, 2026, IRS published a proposed rule. 91 Fed. Reg. 67. IRS stated that it received 63 public comments in response to the notice of proposed rulemaking. 91 Fed. Reg. at 57215. IRS responded to comments in this rule. *Id.* at 57215–27.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501–3520

IRS determined that the collection of information in this rule contains reporting and recordkeeping requirements under the Act. 91 Fed. Reg. at 57233.

Statutory authorization for the rule

IRS promulgated this rule pursuant to sections 163(h)(4) and 6050AA(e) of title 26, United States Code.

Executive Order No. 12866 (Regulatory Planning and Review)

IRS stated that the Office of Information and Regulatory Affairs has determined that this rule is significant under section 3(f)(1) of the Order and that the Office of Management and Budget has reviewed the rule. 91 Fed. Reg. at 57228.

Executive Order No. 13132 (Federalism)

According to IRS, this rule does not have federalism implications and does not impose substantial direct compliance costs on state and local governments or preempt state law within the meaning of the Order. 91 Fed. Reg. at 57234.