

Check Your Knowledge: Answers

1. A. Leah bought a new car for personal use, and her income falls below the phaseout threshold. She has a statement from her lender showing the interest paid and the VIN. She qualifies to take the deduction, assuming her car was manufactured in the U.S.
2. B. Marco does not qualify for the deduction because his original purchase of the car occurred before 2025. If he had purchased the car in January of 2025 and refinanced the loan in April of 2025, the refinanced loan's interest would be eligible for the deduction.
3. B. The maximum deduction allowed per year is \$10,000, regardless of the number of cars involved or if a joint return is filed.
4. A. or C. Ana can deduct all of the interest as personal interest, or she can take a proportionate deduction for the independently deductible interest on her Schedule C.