

Check Your Knowledge

1. Leah bought a 2026 Toyota Camry in October 2025. Her lender furnished a statement showing that she paid \$425 interest and included the VIN. Leah's Modified Adjusted Gross Income (MAGI) is \$57,500. She only uses the car for personal use. Can Leah claim the deduction for her car loan interest?

A. Yes

B. No

2. Marco bought a new car in November of 2024. In April of 2025, he refinanced the vehicle because he got a better interest rate from his credit union. Is Marco eligible to claim the interest deduction for the interest he paid on the new loan?

A. Yes, because the new loan originated in 2025.

B. No, because the car was originally purchased in 2024.

3. Nana and Omar are married and file a joint return. They purchase three new cars in 2025—for Nana, for Omar, and for Nana's mother, Paulette. Paulette is claimed by Nana and Omar as their dependent. What is the maximum amount of interest they can claim on their joint return?

A. \$0

B. \$10,000

C. \$20,000

D. \$30,000

4. Ana purchased a 2025 Ford F150 truck. Her lender provided a statement showing she paid \$3,000 interest in 2025. Ana delivered meals for Feed Me, and she estimates from her mileage that 40% of her usage was for business purposes and 60% is for personal purposes. How can Ana use the interest on her 2025 tax return? (Select all that apply.)

A. Ana can deduct the full \$3,000 on Schedule 1-A.

B. Ana can deduct the full \$3,000 on Schedule C.

C. Ana can deduct \$1,800 on Schedule 1-A and \$1,200 on Schedule C.

D. Ana cannot deduct the interest because she used her car for business purposes.