



# UNITED STATES SENATE COMMITTEE ON FINANCE

## WORKING FAMILIES TAX CUTS

### MAKING CAR OWNERSHIP MORE AFFORDABLE

On July 4, 2025, President Trump signed the **Working Families Tax Cuts** into law. This legislation not only prevented the largest tax hike in history, but it also restored and made permanent critical pro-growth tax provisions that are already increasing domestic investment and boosting economic growth. Moreover, through policies like **no taxes on car loans**, as well as no taxes on tips and overtime, low- and middle-income Americans are the biggest winners under this bill.

Under the Working Families Tax Cuts, beginning in 2025, **Republicans are making new car ownership more affordable for American families**. The law allows taxpayers to deduct up to \$10,000 annually on auto loan interest for U.S. assembled vehicles, strengthening domestic manufacturing and helping families with everyday costs.

**Low- and middle-income taxpayers benefit.** The new car loan deduction begins to phase out when the taxpayer's modified adjusted gross income exceeds \$100,000 (\$200,000 for joint filers).

**The deduction is available for taxpayers whether they itemize or claim the standard deduction.** The Working Families Tax Cuts also increased the standard deduction, which about 90 percent of taxpayers claim.

#### *Vehicle Requirements*

- **Must be new:** The filer must be the first owner.
- **Personal use only:** No commercial fleets or business vehicles.
- **U.S. Assembly:** The vehicle must be assembled in the United States.
- **Weight Limit:** Gross vehicle weight must be under 14,000 pounds.

#### *Loan Requirements*

- **Originated after December 31, 2024:** The loan must be new.
- **Secured by a lien:** The loan must be secured by the vehicle itself.
- **Leases excluded:** The deduction applies only to purchase loans, not leases.

*"For millions of Americans, a car isn't a luxury, it's how you get to work, school, and child care. This deduction helps lower monthly costs and makes car ownership more affordable when families need it most." - [U.S. Secretary of the Treasury Scott Bessent](#)*

**The Working Family Tax Cuts' new, immediate tax relief overwhelmingly benefits the working class.** According to a [distributional analysis](#) from the nonpartisan Joint Committee on Taxation (JCT)—which previously estimated the tax bill provides more than [\\$600 billion](#) in new tax relief to middle-class households—the largest proportional tax benefits go to workers and families making less than \$50,000.