What a Car Really Costs in 2026

New or Used · Buy or Lease · Mileage or Actual

"Buy used — let someone else eat the depreciation." "Take actual expenses, the write-off is bigger." Both were sound advice once; both now cost people money, because the conditions that made them true have moved. Not an argument that new is better, or that mileage is better — an argument that **these are calculations with answers**, and the answer moves with the rate, the vehicle, the mileage and the sale.

What We Ran

- One real vehicle a **2026 Toyota RAV4 XLE Premium AWD** at $38,950, against the identical trim three years old at $33,056.
- The **same lender on both sides**: Experian's Q1 2026 average prime origination rate, 6.23% new against 8.77% used.[1]
- Every line of ownership — tax, title, registration, fuel, insurance, maintenance, resale.
- The business side run **three ways**: standard mileage, actual with 100% bonus, and actual electing *out* of bonus — year by year, and again after recapture on sale. Plus the path nobody models: **leasing**, personal and business.

What We Found

- Over five years the **new RAV4 cost $4,690 less** than the identical three-year-old one — $3,441 less even with the interest deduction stripped out entirely.
- The used buyer **borrows $6,218 less and pays $1,507 more interest.** Maintenance costs another $2,634 — the price gap never gets a chance.
- Leasing the same RAV4 costs **$7,689 more** over three years than buying it — on the lowest monthly payment of any option.
- On the business side, actual expenses with bonus show **$2,099 more deduction** over five years — and then **lose by $3,822** once the vehicle is sold and §1245 recapture is counted. And on these facts, **electing out of bonus beats taking it** by $2,274. The biggest first-year number is not the best answer.

The Seven Questions That Actually Decide It

Question	Why it decides the answer
Will you **sell** the vehicle, or run it to nothing?	If you sell, depreciation method is a **wash** — every accelerated dollar returns as §1245 ordinary income. What survives is the gap between the rate's operating allowance and real operating cost. Pages 4–5.
How many **business miles** per year?	The rate pays about 41¢ a mile toward operating cost once its 35¢ depreciation component is backed out. Break-even here is roughly **9,400 business miles**. Page 6.
Is the vehicle **over 6,000 lbs GVWR**?	A passenger auto is capped at $20,300 of first-year depreciation with bonus, $12,300 without. A truck, van or SUV above 6,000 lbs GVWR escapes it entirely — changing the timing, not the total.[2]
What is the **rate spread**, not the price gap?	The used vehicle costs less and finances worse. A prime borrower pays 2.54 points more for used money; near-prime 4.36 more. Compare rates from one lender, or the table lies.[1]
Where was it **finally assembled**?	The new interest deduction requires U.S. final assembly. RAV4s are built in Kentucky, Ontario and Japan — and **Kentucky only began in June**, so most units on lots now are not U.S.-built. It is a per-VIN question: read the Monroney label, not the badge and not the dealer.[3]
Buy, finance, or **lease**?	No depreciation, no §280F caps, no recapture — but no equity either, and a money factor that works out to 6.9%, above the prime purchase rate. Page 3.
Could business use **fall below 50%**?	A drop to 50% or less recaptures every accelerated dollar above straight-line as ordinary income — self-employment taxed on a Schedule C. Mileage carries none. Page 5.

[1] Experian, *State of the Automotive Finance Market*, Q1 2026 — average APR on originations by VantageScore tier. [2] IRC §280F(d)(5)(A); Rev. Proc. 2026-15. [3] OBBBA §70203; IRC §163(h)(4); proposed regs published Jan. 2, 2026. Toyota Kentucky began RAV4 assembly June 22, 2026; units built before that date are Canadian or Japanese. Figures throughout are illustrative and rounded; the scenario tables on page 6 are our own model outputs built on the sourced inputs listed on page 7.

Buy New or Buy Used: The Same Car, Three Years Apart

Same model, same trim, same powertrain, same drivetrain, same state, same holding period — and, this time, **the same lender**. Both columns use Experian's Q1 2026 average origination rate for a **prime** borrower: 6.23% new, 8.77% used.[1] Using a captive-subvented rate on the new car and a market average on the used one would tilt the table, and it would not be a comparison.

Five-year ownership, $0 down, 60 months, 15,000 mi/yr	New 2026 RAV4 XLE Premium AWD hybrid	Used 2023 RAV4 XLE Premium AWD hybrid
Purchase price	$38,950	**$33,056**
Wisconsin sales tax at 5.5%, plus $214.50 title	$2,357	**$2,033**
Amount financed	$41,307	**$35,089**
APR / monthly payment[1]	6.23% · $803	**8.77% · $724**
Interest paid over five years	**$6,873**	$8,380
Fuel — 41 vs. 40 mpg combined, at $4.111	**$7,520**	$7,708
Insurance, full coverage	$12,660	**$11,640**
Maintenance and repairs	**$5,942**	$8,576
Registration and hybrid surcharge	$800	$800
OBBBA interest deduction, 2026–2028 only, at 22%[4]	**−$1,249**	not available — used is excluded
Resale value at the end of year five	−$28,239	−$21,888
Net five-year cost	**$45,614**	**$50,304**
Same, if the new one is not U.S.-assembled and gets no deduction	$46,863	$50,304

Where the $4,690 Comes From

- **Maintenance and repairs, $2,634.** The largest single line: the three-year-old is out of bumper-to-bumper coverage and hits the 60–100k service window during the hold.[5]
- **Interest, $1,507.** The used buyer borrows $6,218 less and still pays more, because 8.77% on $35,089 beats 6.23% on $41,307.
- **The interest deduction, $1,249** — only 2026 through 2028, and only if the label says U.S. final assembly.
- **Fuel, $188**, and **$133** left on price and resale once tax, title and year-five values are netted. **Against all of it: insurance, $1,020 the used car's way.** Those five lines net to the $4,690.
- **Depreciation is nearly a wash.** The new one loses $10,711 over the five years; the used one loses $11,168. The RAV4's curve has already flattened by year three — which is why the rule of thumb was invented, and why it no longer pays.

What Is *Not* the Same — Say It Out Loud

- **Generation.** The 2026 is a full redesign. Same nameplate and trim, different vehicle underneath. The 2023 is the prior generation, and the 2026 line is hybrid-only.
- **Odometer.** The new buyer drives 0 to 75,000 miles. The used buyer starts at 36,000 and ends at **111,000**, owning a ten-year-old vehicle at the end, not a five-year-old one.
- **Warranty.** The 2023's 3-year/36,000-mile basic coverage is already gone at purchase and powertrain runs out during the hold; the new one is covered for most of it. That is the maintenance line, restated.
- **Not modeled:** the cheaper **gas** 2023 at $30,768 nets $50,666 — slightly worse than the hybrid, because 29 mpg costs $2,924 more in fuel than it saves in price. A different car, shown only because it is what most people actually shop against.

Using the car for work? The same RAV4 on a Schedule C — and what the IRS takes back — page 4.

[4] IRC §163(h)(4). Up to $10,000 of interest per return per year for tax years beginning after Dec. 31, 2024 and before Jan. 1, 2029 — so only 2026–2028 interest on a 2026 loan qualifies. New vehicle only, U.S. final assembly, GVWR under 14,000 lbs, first-lien loan incurred after Dec. 31, 2024; MAGI phase-out on page 6, full conditions on page 7. [5] Edmunds True Cost to Own, five-year maintenance plus repairs at 15,000 miles a year — a modeling estimate, not a published average. All amounts undiscounted; on a present-value basis the new column's advantage narrows, because more of its benefit sits in the year-five resale.

And Then There Is Leasing

A quarter of new vehicles leave the lot on a lease, and almost every buy-versus-used conversation skips it. Leasing is not a cheaper way to buy — it is a different transaction with a different tax profile. On the personal side it costs more. On the business side it is often **simpler and safer**, and occasionally better. Both cases are below, on the same RAV4.

The Actual Lease Terms

2026 RAV4 XLE Premium AWD hybrid, posted offers current through Aug. 3, 2026.[6]

Term	Posted
Monthly payment, 36 months	$438 – $493
Used here (midpoint), plus 5.5% tax	$465 → $491
Due at signing	$2,965
Acquisition fee (in the DAS)	$750
Disposition fee at return	$350
Mileage allowance	12,000/yr
Excess mileage charge	$0.15/mi
Money factor 0.00289	**≈ 6.9% APR**

The money factor is the interest rate in disguise: multiply by 2,400. At 6.9% it is **higher** than the 6.23% a prime borrower pays on the same car. No subvention is hiding here.

Three Years, Three Ways — Personal

Same vehicle, same 15,000 miles a year, same three-year horizon. Buy columns are net of resale; the lease has none.

Item	Lease	Buy new	Buy used 2023
Cash to dealer / lender	$20,485	$46,984	$41,976
Fuel, insurance, maintenance, reg.	$16,153	$16,153	$17,235
Excess mileage, 9,000 mi over	$1,350	—	—
Interest deduction at 22%	none	**−$1,249**	none
Value of the vehicle at the end	$0	**−$31,588**	−$26,996
Net three-year cost	**$37,988**	**$30,300**	**$32,214**

The lease costs **$7,689 more** than buying the same car over three years, and $5,775 more than buying the used one — while carrying the *lowest monthly payment* of the three. That is the trade the payment hides.

On the Business Side It Changes Shape

- You deduct the **business-use share of the lease payments**, plus the business share of operating costs. There is no depreciation schedule to run.[7]
- **No §280F(a) dollar caps.** The $20,300 first-year ceiling does not exist for a lessee.
- **No recapture at either end** — no §280F(b)(2) clawback if business use falls below 50%, and no §1245 income on exit. You never held basis, so there is nothing to claw back. The deduction is permanent when taken.
- **Lease inclusion amounts** only apply when the vehicle's fair market value at lease inception exceeds $62,000. A $38,950 RAV4 is nowhere near it — no inclusion, no add-back.[8]
- Standard mileage is still available on a lease, but must be used for the **entire term including renewals**; claiming actual expenses bars it permanently.[9]
- A capitalized cost reduction is **not** deductible when paid — it is spread over the lease term.

Three Years of Business Deduction

75% business use, 12,000 business miles of 16,000. Before any recapture.

Method	3-year deduction
Own — actual, 100% bonus	$35,632
Own — actual, electing out	$34,398
Lease — payments plus operating	$27,461
Own — standard mileage	**$27,150**

Owning shows more — but page 5 shows what happens to it: roughly **$16,000** comes back as ordinary income on sale. None of the lease deduction does. Compare *after* recapture.

When a Lease Actually Wins

- Business use is high and **likely to fall** — no §280F exposure.
- §280F caps would strand basis for years, but FMV is still under $62,000.
- The client replaces on a fixed cycle anyway, drives under the allowance, and prefers fixed cost to residual risk.

[6] Edmunds posted 2026 RAV4 lease offers, 36 months, through Aug. 3, 2026; fees, mileage allowance and excess-mile charge from Toyota's itemized Midwest RAV4 lease program, whose disclosed capitalized cost, residual and payment give the money factor (cross-checked against a published 0.00294). Payments are quoted before tax; Wisconsin sales tax is applied to each payment here — **confirm the client's county treatment.** Quotes vary by region and change monthly. [7] IRS Pub. 463, *Leasing a Car*. [8] Rev. Proc. 2026-15, Table 3 — lease inclusion applies to leases beginning in 2026 where FMV exceeds $62,000; Reg. §1.280F-7(a). [9] Rev. Proc. 2019-46 §4.05(2); Pub. 463.

Mileage or Actual: The Same Vehicle, Run Three Ways

A self-employed client places the 2026 RAV4 XLE Premium AWD in service in 2026. **75% business use, 12,000 business miles of 16,000.** Depreciable basis is the capitalized cost — $38,950 plus $2,142 Wisconsin sales tax and the $214.50 title — times business use: **$30,980**.

The Election Rules, Precisely

- Standard mileage must be **elected in the first year** the vehicle is available for business use.[10]
- Claim §179, bonus or MACRS in year one and the standard rate is **permanently unavailable** for that vehicle.[9]
- Start with mileage and switch to actual later — allowed, but only with **straight-line** depreciation over the remaining life.[9]
- Five or more vehicles used **simultaneously** disqualifies the standard rate for all of them that year; on a lease, the elected method applies for the **entire term including renewals**.[9]
- Business parking, tolls, the business share of **loan interest** ($5,155 here) and ad valorem property tax are deductible either way, so they are excluded below.[10]

Deduction by Year, Three Ways

2026 rates: 72.5¢ through June 30, 76¢ from July 1; later years hold 76¢ constant.[11] Operating cost is the 75% share of $5,484 a year — fuel $1,604, insurance $2,532, maintenance $1,188, registration and hybrid surcharge $160.

Tax year	Standard mileage	Actual — 100% bonus	Actual — electing out of bonus
2026 — year 1	$8,910	**$19,339**	$10,310
2027 — year 2	$9,120	$9,155	**$14,027**
2028 — year 3	$9,120	$7,138	**$10,062**
2029 — year 4	$9,120	$5,929	**$7,682**
2030 — year 5	$9,120	$5,929	**$7,682**
Five-year total	**$45,390**	**$47,489**	**$49,763**

THE ELECTION NOBODY MAKES

Electing **out** of bonus produces **$2,274 more deduction over five years** than claiming it. With bonus, the §280F cap strands basis and the safe harbor recovers the remainder at MACRS rates on a *reduced* figure. Without bonus the cap never binds: give up $9,029 in year one to gain $11,303 across years two through five, finishing in six years instead of seven.[12]

The Two Depreciation Schedules

With bonus, the year-one §280F cap of $15,225 binds and later MACRS rates apply to the **remaining** $15,755 under the Rev. Proc. 2019-13 safe harbor. Electing out, the same rates run on the full basis and the no-bonus caps ($9,225 / $14,850 / $8,925 / $5,370 at 75% use) never bind.

Year	Rate applied	With 100% bonus	Electing out of bonus	Cumulative difference
1 — 2026	bonus / 20.00%	$15,225	$6,196	−$9,029
2 — 2027	32.00%	$5,042	$9,914	−$4,157
3 — 2028	19.20%	$3,025	$5,948	−$1,234
4 — 2029	11.52%	$1,815	$3,569	**+$520**
5 — 2030	11.52%	$1,815	$3,569	**+$2,274**
6 — 2031	5.76%	$907	$1,784	**+$3,151**
7 — 2032	residual	$3,151	—	$0
Total recovered		**$30,980**	**$30,980**	identical

[10] IRS Topic No. 510; Pub. 463. [9] Rev. Proc. 2019-46 §4.05. [11] Notice 2026-10, as modified by Announcement 2026-11. Only the 2026 rate and its 35¢ depreciation component are published; later years are held constant here and will change. [12] IRC §168(k)(7) election out; Rev. Proc. 2019-13 §4.03 safe harbor, which is an elective method of accounting and must be adopted — absent it, basis above the first-year cap is not recovered until after the recovery period.

Then You Sell It, and the Depreciation Comes Back

Every deduction on page 4 is a loan against basis. Sell the vehicle and §1245 recaptures it as **ordinary income** — and the standard mileage rate is not exempt, because the rate *contains* depreciation. Same client, same vehicle, sold at the end of 2030 for $28,239 (72.5% of the original price, the RAV4's published five-year retention[13]). Business share of the proceeds: $21,179.

Five years, then sold	Standard mileage	Actual — 100% bonus	Actual — electing out
Total deductions taken, five years	$45,390	$46,582	$47,979
of which depreciation	$21,000	$26,014	$27,411
how the depreciation arises	60,000 business miles × 35¢[11]	bonus, then safe harbor	MACRS on full basis
Remaining business basis at sale	$9,980	$4,966	$3,569
§1245 ordinary income on sale	−$11,199	−$16,213	−$17,610
Net five-year benefit, after recapture	**$34,191**	**$30,369**	**$30,369**

READ THE LAST ROW TWICE

The two actual-expense columns land on **exactly the same number**. They have to: capital recovery net of recapture is basis minus business proceeds, $30,980 − $21,179, no matter which schedule got you there. **Depreciation method is a timing decision, not a total decision.** The $2,274 that electing out won on page 4 is real cash-flow value and real deferral — it is not additional deduction.

Standard mileage wins the last row by **$3,822**, and that number has nothing to do with depreciation either. Of the five-year mileage deduction of $45,390, exactly $21,000 is the depreciation component; the other **$24,390 is an operating allowance** — against this client's actual business-share operating cost of $20,568. That $3,822 gap is the entire permanent difference between the two methods. (The allowance is 41¢ of the 76¢ rate, but the first half of 2026 ran at 72.5¢ — so 60,000 miles yields $24,390, not a flat $24,600.)

The Other Trigger — Business Use Falls to 50% or Below

§280F(b)(2). Assume the client takes a salaried role in 2029 and business use drops from 75% to 40%. Recapture is computed that year: everything accelerated above straight-line ADS, from placed-in-service through the year before the drop. Shown on the with-bonus path.[14]

Item	2026	2027	2028	Total
Depreciation actually claimed	$15,225	$5,042	$3,025	$23,292
ADS straight-line, no acceleration	$3,098	$6,196	$6,196	$15,490
Excess depreciation — ordinary income in 2029				**$7,802**

- Reported on **Form 4797 Part IV**. On a Schedule C it lands where the deduction was taken and is therefore exposed to **self-employment tax** — the piece most often missed.
- Basis is increased by the recaptured amount, so it is not taxed twice. ADS straight-line then applies that year **and every year after**, with no snap-back if business use recovers.
- The test is **"exceeds 50 percent"** — exactly 50.00% fails. Investment use under §212 does not count toward the gate, though it counts in the percentage once the gate is cleared.
- A client on standard mileage from year one has **no §280F recapture at all** here. That is the real value of the election, and it never shows up in a first-year deduction comparison.

[13] CarEdge RAV4 retention curve. [14] IRC §280F(b)(2); Reg. §1.280F-3T(c) and (d); Form 4797 instructions, Part IV. The ADS hypothetical is five-year straight-line under the half-year convention at the taxpayer's actual business-use percentage. [11] Notice 2026-10 §4 — depreciation component of the business standard mileage rate: 35¢ for 2026, 33¢ for 2025, 30¢ for 2024. Later-year components are not yet published; 35¢ is held constant here. Basis is reduced by the greater of depreciation claimed or allowable (§1016(a)(2); Rev. Proc. 2019-46 §4.04), but not below zero. Year-of-sale depreciation is halved under the half-year convention. Amounts are undiscounted.

Four Tables. Find Your Row.

Nothing on pages 2 through 5 is a universal answer — it is one client's facts. These are the four variables that move the result. Find the row that matches the client, and the conclusion can reverse.

1 — Break-Even Business Miles

Because depreciation nets to zero over the life of the vehicle, break-even does **not** depend on purchase price. It depends on whether the mileage rate's **41¢ operating allowance** beats real operating cost. Fixed cost below is insurance, maintenance, repairs and registration; fuel is 10.0¢ a mile at 41 mpg and $4.111.

Annual fixed operating cost	Break-even business miles
$2,500 — economy car	6,050
$3,200 — mid-size sedan	7,750
$3,880 — the RAV4 here	**9,400**
$4,800 — large SUV or truck	11,620
$6,200 — luxury or heavy truck	15,010

Above break-even, standard mileage wins on a hold-to-sale basis. At 12,000 business miles this client is above it — which is why mileage wins page 5 by $3,822 despite losing page 4 by $2,099. Assumes 75% business use.

2 — What the Used-Car Rate Does

Net five-year cost of the used 2023 RAV4 hybrid at each credit tier, against the new one at the prime new rate of 6.23%. Everything else held constant.

Used financing	APR	Net 5-yr	vs. new
Credit union average[15]	5.53%	$47,079	+$1,465
Prime originations[1]	8.77%	$50,304	+$4,690
Near prime[1]	14.03%	$55,856	+$10,242
Subprime[1]	19.42%	$61,937	+$16,322

Even at a credit union's posted used-car average the gap does not close. And the buyers most often told to "just buy used" are the ones the spread punishes hardest — a subprime borrower pays **$11,632 more interest** on the used car than a prime borrower does.

3 — How Long You Keep It

Net cost of ownership, new against the like-for-like used hybrid, at three holding periods. Lease shown at its only term.

Held	New 2026	Used 2023	Difference
3 years	$30,300	$32,214	+$1,914
5 years	$45,614	$50,304	+$4,690
7 years	$61,265	$63,710	+$2,445
3 years, leased instead	**$37,988**	—	**+$7,689**

The buy gap peaks at five years, when the loan is retired on both and the used car's repair curve is steepest. Hold either long enough and purchase price stops mattering — the one place the old advice still holds. The seven-year row values a ten-year-old used car at the published 49.0% retention and a seven-year-old new one at an interpolated 60.0%.[13]

4 — Who Actually Gets the Deduction

Interest deduction by modified AGI, single filer; double each threshold for joint.[4]

MAGI	Interest deductible	Year-one value at 22%
$100,000 or below	up to $10,000	$521
$110,000	up to $8,000	$521
$125,000	up to $5,000	$521
$140,000	up to $2,000	$440
$150,000 or above	none	$0

Year-one interest on this loan is $2,368, so the $10,000 ceiling never binds — the phase-out does, and only above roughly $138,000 of MAGI. Across the whole 2026–2028 window the deduction is worth **$1,249** to a fully eligible buyer, not the $10,000 headline. Leases get none of it, and neither does a business-use vehicle.

[15] NCUA Credit Union and Bank Rates — posted used-vehicle average, roughly 200 basis points below the bank average; a credit union would also beat 6.23% on the new car, which is why the first row is the used car's best case and not a like-for-like swap. Break-even mileage solves the operating comparison to equality and shifts with fuel price, fuel economy, insurance and business-use percentage. All four tables are our own model outputs computed from the sourced inputs on page 7.

Assumptions, in Full

Every number here traces to an input below. Where credible sources disagreed we picked one and named it rather than averaging. Change an input and the conclusion can change — that is the point, not a caveat against it.

VEHICLES AND PRICES

- New: 2026 RAV4 XLE Premium AWD hybrid, **$38,950** — $37,550 MSRP with destination plus $1,400 AWD. Hybrid only, and a full redesign.
- Used: 2023 RAV4 Hybrid XLE Premium AWD, **$33,056** dealer retail, clean, ~36,000 mi; gas comparison 2023 XLE Premium AWD at **$30,768**. Edmunds appraisal values.
- The 2026 RAV4 is transacting at or above MSRP with documented markups; no discount is assumed.

FINANCING

- **Same source, same tier, both columns:** Experian Q1 2026 average origination APR for prime borrowers — **6.23% new, 8.77% used**.
- Toyota's posted 5.99%/60 beats the prime new-car average by 24 basis points, with no cash rebate. Substituting it lowers the new column by only **$227**. It is a rate sheet, not an incentive.
- $0 down, tax and title financed, 60-month term. All amounts undiscounted.

LEASE

- $465/mo (midpoint of a posted $438–493 range), 36 months, $2,965 due at signing, $750 acquisition, $350 disposition, 12,000 mi/yr, $0.15 per excess mile. Money factor 0.00289 (≈6.9% APR), derived from a fully itemized Toyota program and cross-checked.
- Wisconsin sales tax applied to each lease payment — **confirm county treatment before publishing**.
- At 15,000 miles a year the client is 3,000 over the allowance annually: $1,350 of excess-mileage charges across the term.

OPERATING COSTS

- 15,000 miles a year personal, 16,000 business-case — consistent with Edmunds' basis (FHWA's all-vehicle average is 11,071).
- Fuel at **$4.111**, AAA national average July 25, 2026. EPA combined: 41 mpg new hybrid, 40 mpg 2023 hybrid, 29 mpg 2023 gas.
- Insurance from MoneyGeek by model year, full coverage. Maintenance and repairs from Edmunds True Cost to Own — a modeling estimate, not a published average.
- Wisconsin: 5% state plus 0.5% county sales tax, $214.50 title, $85 annual registration, $75 annual hybrid surcharge.

RESALE AND TAX

- CarEdge RAV4 retention: 81.1% at three years, 72.5% at five, 53.7% at eight, 49.0% at ten — chosen over iSeeCars because its dollar values reconcile to live 2023 listings.
- The used car is bought at dealer retail and valued on the same curve, absorbing the retail-to-private spread. 22% illustrative federal marginal rate; no state income tax effect modeled.
- Depreciable basis is the **capitalized cost** — price plus tax and title — times business use; disposal-year depreciation is halved under the half-year convention. 2026 §280F caps on page 4.
- The OBBBA interest deduction is **not** above the line and does not reach a business-use vehicle at all — conditions on page 2, phase-out on page 6.

WHAT WE COULD NOT SOURCE

- No public trim-by-plant map for the 2026 RAV4 — confirm deduction eligibility **per vehicle**, from the Monroney label.
- Wisconsin's treatment of sales tax on lease payments was not confirmed to a primary source before publication.
- Experian Q2 2026, and mileage rates and depreciation components beyond 2026, are not yet published; the OBBBA interest-deduction regulations remain in proposed form.

Bring Us the Deal Sheet, Not the Decision

A complimentary review before you sign: buy, finance or lease; the depreciation election and what it forecloses; whether electing out of bonus beats taking it; the recapture you are creating; and whether the vehicle in front of you actually qualifies for the interest deduction. Thirty minutes is usually enough.

TALK WITH US

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Primary sources. IRC §§62, 63, 163(h)(4), 168(k), 179, 212, 274(d), 280F, 1016, 1245 · OBBBA (P.L. 119-21) §§70203, 70301, 70306 · Car Loan Interest Deduction proposed regs (Jan. 2, 2026) · Rev. Procs. 2026-15, 2025-32, 2019-13, 2019-46 · Notice 2026-10 · Announcement 2026-11 · Regs. §§1.280F-3T, -6, -7 · IRS Pub. 463 · Topic No. 510 · Form 4797 instructions · Experian *State of the Automotive Finance Market*, Q1 2026 · NCUA Credit Union and Bank Rates · Edmunds True Cost to Own, appraisals, lease offers and Q2 2026 financing report · Toyota Financial Services lease program · CarEdge depreciation · MoneyGeek insurance · AAA Fuel Prices · FHWA Highway Statistics VM-1 · Wisconsin DOT fee schedules.