



January 26, 2026

Andres Garcia
Internal Revenue Service
1111 Constitution Avenue NW, Room 6526
Washington, DC 20224

Re: Comment Request on Vehicle Loan Interest Statement – OMB Control No. 1545-2334

Dear Ms. Garcia:

On behalf of America's Credit Unions, I am writing regarding the Internal Revenue Service's (IRS) Paperwork Reduction Act notice for Form 1098-VLI (Vehicle Loan Interest Statement).¹ America's Credit Unions is the voice of consumers' best option for financial services: credit unions. As not-for-profit, member-owned financial cooperatives, credit unions play a vital role in the financial well-being of individuals, families, and small businesses across the country. We advocate for policies that allow credit unions to effectively meet the needs of their over 142 million members nationwide. While credit unions support reasonable information reporting requirements that promote tax compliance and transparency, it is critical that new reporting obligations under Section 6050AA be implemented in a manner that is operationally feasible, clearly defined, and proportionate to their compliance burden.

Necessity and Practical Utility

Form 1098-VLI is intended to help administer the new temporary deduction for interest paid on certain vehicle loans. For this implementation to be effective, it is important to properly allocate responsibility among borrowers, lenders, and third parties. While we understand and recognize this goal, credit unions do not always have access to all the information needed to determine whether a loan qualifies.

In particular, the statute does not clearly specify who is responsible for determining whether a loan qualifies as a "specified passenger vehicle loan." America's Credit Unions has previously raised this issue and again seeks further clarification from the IRS and Treasury.² Credit unions often do not possess all qualifying vehicle information at origination, including final assembly location or first-use status. We ask the IRS to clarify that borrowers remain responsible for determining whether their loan qualifies for the deduction. We also encourage the IRS to allow lenders to report interest for all vehicle loans above the reporting threshold, even when eligibility

¹ See, 90 Fed. Reg. 54460, available at: <https://www.federalregister.gov/documents/2025/11/26/2025-21091/agency-information-collection-activities-comment-request-on-vehicle-loan-interest-statement>

² See, America's Credit Unions Comment Letter to the IRS, Further H.R. 1 Implementation Guidance, available at: <https://americascus.widen.net/view/pdf/a1ecc63d-fa75-4265-a9ce-06f7a21038bd/acu-letter-to-irs---further-h.r.-1-implementation-guidance-12.5.25.pdf>

is uncertain. This approach would help ensure that borrowers do not miss out on potential tax benefits simply because certain details were unavailable at the time of reporting.

Accuracy of Burden Estimates

We are concerned the IRS has underestimated the time and cost required to implement Form 1098-VLI. While completing a single form may take only a few minutes, the real burden comes from updating computer systems, working with vendors, building new data fields, testing software, training staff, and creating new compliance processes. These activities require significant time and financial investment, especially for small and mid-sized credit unions that rely on third-party service providers. We encourage the IRS to revise its burden estimates so they better reflect the full cost of system changes and operational implementation.

Enhancing Quality, Utility, and Clarity of Information

Clear instructions will be critical for accurate and consistent reporting. To improve reporting accuracy and reduce compliance risk, the IRS should provide additional guidance and instructions addressing specific data elements included in the draft Form 1098-VLI. Many credit unions do not currently store vehicle information such as VINs, model year, make, and model in formats designed for tax reporting. The IRS should provide clear standards for how this information should be reported and guidance on how to handle missing or incomplete data.

The IRS should also clarify how outstanding loan balances should be reported, including confirming that the required balance is the amount owed as of January 1 of the reporting year. Additional guidance is needed for common situations such as loan refinances. Credit unions often refinance auto loans and may include additional amounts such as warranties or fees. Without simple rules, lenders could be forced to separate interest into “qualifying” and “non-qualifying” portions, which would be difficult and costly to administer. We urge the IRS to adopt clear and workable rules that avoid unnecessary complexity.

Many credit unions also return value to members through interest rebates or patronage dividends that are not tied to individual loans. Requiring lenders to allocate these amounts across specific auto loans would add significant operational burden. We ask the IRS to allow credit unions to report gross interest paid and allow any adjustments to be handled by taxpayers on their own returns.

Minimizing Burden Through Technology

Credit unions strongly encourage the IRS to prioritize standardized electronic reporting formats that integrate with existing loan servicing and tax reporting systems. Early release of technical instructions will allow sufficient lead time for vendors and credit unions to update systems that will help reduce costs and prevent a rushed implementation that could lead to reporting errors. Close coordination with financial institutions and technology providers will also ensure that reporting requirements are practical for credit unions of all sizes.

Capital, Start-Up, and Operational Costs

Finally, we urge the IRS to recognize the start-up and ongoing costs associated with this new form. These include vendor programming fees, staff training, compliance monitoring, and system maintenance. We also strongly support safe harbor protections for lenders that make good-faith efforts to comply using the information available to them. Transition relief and phased implementation will be especially important for smaller institutions.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the IRS's Paperwork Reduction Act notice for Form 1098-VLI. Given these potential impacts, we urge the IRS to fully account for implementation costs in its Paperwork Reduction Act analysis and to consider transition relief, phased implementation, or safe harbor protections for lenders that make good-faith efforts with the information available to them. This will be impactful for smaller institutions with limited resources. Should you have any questions or require additional information, please contact me or James Akin, Head of Regulatory Advocacy at jakin@americascreditunions.org.

Sincerely,



John Vatian
Regulatory Advocacy Counsel, Innovation & Technology