Instructions for Form 1098-VLI

(December 2026)

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 1098-VLI and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1098VLI*.

You can get Pub. 1099, General Instructions for Certain Information Returns, at *IRS.gov/Pub1099*.

Reminders

In addition to these specific instructions, you should use the current Pub. 1099, General Instructions for Certain Information Returns. Those general instructions include information about the following topics.

- Who must file.
- When and where to file.
- Electronic reporting.
- Corrected and void returns.
- Statements to recipients.
- Taxpayer identification numbers (TINs).
- Backup withholding.
- Penalties.
- Other general topics.

Continuous use. Use the December 2026 Form 1098-VLI and these instructions for calendar year 2026 and subsequent years until a superseding revision is issued.

E-filing returns. The Taxpayer First Act of 2019 authorized the Department of the Treasury and the IRS to issue regulations that reduce the 250-return e-file threshold. T.D. 9972, published February 23, 2023, lowered the e-file threshold to 10 (calculated by aggregating all information returns), effective for information returns required to be filed on or after January 1, 2024. Go to *IRS.gov/InfoReturn* for e-file options.

Information Returns Intake System (IRIS). The IRS has developed IRIS, an online portal for e-filing information returns. Go to *IRS.gov/IRIS* for more information.

Online PDF fillable Copy B. To ease statement furnishing requirements, Copy B is fillable online in a PDF format, available at *IRS.gov/Form1098VLI*. You can complete this copy online for furnishing statements to recipients and for retaining in your own files.

Specific Instructions

Use Form 1098-VLI, Vehicle Loan Interest Statement, to report interest of $600 or more you received on a specified passenger vehicle loan (SPVL) during the year in the course of your trade or business from an individual, decedent's estate, or nongrantor trust. Report only interest on an SPVL, defined later.

File a separate Form 1098-VLI for each SPVL. The $600 threshold applies separately to each SPVL. You are not required to file Form 1098-VLI for an SPVL on which you have received less than $600 in interest, even if an individual paid you over $600 in total on multiple SPVLs. If you choose to file Form 1098-VLI to report interest on an SPVL of less than $600, you are subject to the rules in these instructions.

If an overpayment of interest on an SPVL was made in a prior year and you refund or credit that overpayment, you may have to file Form 1098-VLI to report the refund or credit of the overpayment. See *Reimbursement of Overpaid SPVL Interest*, later.

Specified Passenger Vehicle Loan (SPVL)

An SPVL is any indebtedness incurred after 2024 for the purchase of an applicable passenger vehicle (APV) (defined later) for personal use and that is secured by a first lien on that APV.

Indebtedness is an SPVL only to the extent it is incurred for the purchase of an APV and, if part of the same purchase transaction, for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV. Items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV include, but are not limited to, vehicle service or repair plans (for example, mechanical repair coverage), vehicle protection products (including tire, wheel, paint, and interior protection products), key fob replacement plans, warranties or extended warranties, guaranteed asset protection (GAP) waiver or insurance that covers the difference between an APV's value and the outstanding balance of the indebtedness in the event of a total loss, credit insurance products (including credit-related accident, health, and life products), sales taxes, vehicle-related fees (including title and registration fees), and vehicle-related accessories that are components of the APV purchased as part of the APV transaction.

To the extent any indebtedness is not incurred for the purchase of an APV or for any other items or amounts customarily financed in an APV purchase transaction that are directly related to the purchase of the APV, such indebtedness is not an SPVL even if it is incurred as part of the purchase of the APV. An SPVL does not include, for example, indebtedness incurred for the repayment of negative equity on a loan secured by a trade-in vehicle, to purchase collision and liability insurance that is not a credit insurance product, or to purchase any property or services unrelated to an APV (for example, a trailer or a boat). In addition, indebtedness is not incurred

for the purchase of an APV or for any other items or amounts customarily financed in an APV transaction that are directly related to the purchase of the APV to the extent the indebtedness relates to cash proceeds received from the lender. Indebtedness that includes both qualifying and nonqualifying items or amounts must be allocated between the portion that qualifies as an SPVL and the portion that does not qualify as an SPVL and only interest attributable to the portion that qualifies as an SPVL must be reported on Form 1098-VLI. For example, if a purchaser incurs indebtedness that includes both the purchase of an APV secured by a first lien for personal use and a trailer, only the portion of the indebtedness allocated to the APV qualifies as an SPVL. In that case, only the interest related to that portion of the indebtedness must be reported. See Regulations section 1.163-16(d)(2)(iii).

If an APV was replaced with a substitute APV due to an unforeseen intervening event as described in Regulations section 1.163-16(c)(3)(ii), then you must report the vehicle identification number (VIN) of the substitute APV on Form 1098-VLI.

Note: An SPVL does not include any loan owed to you by a person who is related to you within the meaning of section 267(b) or 707(b)(1).

Refinanced SPVL. If a purchaser refinances an SPVL (refinanced loan), the resulting indebtedness (new loan) is an SPVL if the new loan is secured by a first lien on the APV with respect to which the refinanced loan was incurred. The amount of the new loan that is an SPVL is limited to the outstanding balance of the refinanced loan as of the date of the refinancing. A purchaser must allocate principal and interest between the amount of the new loan that is an SPVL and the remaining portion of the indebtedness on a pro-rata basis. If there is a change in obligor as part of the refinancing, the new loan is not an SPVL with regard to any subsequent obligor, unless the refinancing is in connection with a change in obligor resulting from the obligor's death. See Regulations section 1.163-16(d)(4).

Change in obligor. A loan ceases to be an SPVL if the person that incurred the SPVL ceases to be the obligor and another person becomes the obligor. However, a change in obligor due to a previous obligor's death does not preclude the loan from continuing to qualify as an SPVL. A change in obligor by reason of a previous obligor's death could occur, for example, when an obligor inherits an APV subject to a loan originated by the person who died. See Regulations section 1.163-16(d)(5).

Note: Do not file Form 1098-VLI unless the loan was secured by a first lien on the APV at the time the loan was incurred.

Applicable Passenger Vehicle (APV)

In general, an APV is any vehicle that meets the following requirements.

- The original use (defined later) of the vehicle begins with the payer of record.
- It is a motor vehicle manufactured primarily for use on public streets, roads, and highways, not including a vehicle operated exclusively on a rail or rails.
- It has at least 2 wheels.
- It is a car, minivan, van, sport utility vehicle, pickup truck, or motorcycle. See Regulations section 1.163-16(b)(14).
- It has a gross vehicle weight rating of less than 14,000 pounds.
- Final assembly of the vehicle occurred within the United States. See *Final Assembly in the United States*, later.

Original Use

Original use of a vehicle begins with the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled. In the case of a purchaser that incurs indebtedness to purchase a vehicle, original use of the vehicle does not begin with that purchaser unless the vehicle is treated as a new vehicle under the loan documentation.

However, original use of a vehicle held by a dealer does not begin with the dealer if the vehicle is held primarily for sale to customers in the ordinary course of its trade or business.

If more than one person purchases a vehicle and one of these purchasers is the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled, then each of these purchasers is considered to be the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled.

If a purchaser that is not a dealer returns a vehicle to a seller within 30 days of taking delivery of the vehicle, then that purchaser will not be considered the first person that takes delivery of the vehicle after the vehicle is sold, registered, or titled, and, accordingly, original use of the vehicle does not begin with that purchaser.

For more information, see Regulations section 1.163-16(e)(2).

Final Assembly in the United States

To determine whether final assembly of the vehicle occurred within the United States, you may rely on the vehicle's plant of manufacture as reported in the VIN. See the National Highway Traffic Safety Administration VIN Decoder website, available at *nhtsa.gov/vin-decoder*. Alternatively, you may rely on the final assembly point reported on the label affixed to the vehicle. This label is attached to each vehicle on a dealer's premises. See Regulations section 1.163-16(e)(3).

Payer of Record

The payer of record is the person carried on your books and records as the principal borrower. If your books and records do not indicate which borrower is the principal borrower, you must designate one. The payer of record must be an individual, nongrantor trust, or decedent's estate.

Multiple borrowers. Even though there may be more than one borrower on the SPVL, you are required to prepare Form 1098-VLI only for the payer of record, and only if such payer of record is an individual, decedent's estate, or nongrantor trust, showing the total interest received on the SPVL.

Payments By Third Parties

Report all interest received on the SPVL as received from the payer of record. For example, if the borrower's parent

makes payments on the SPVL, the interest received from the parent is reportable on Form 1098-VLI as received from the payer of record.

Lender of Record

A lender of record is the person who, at the time the SPVL is made, is named as the lender on the loan documents and whose right to receive payment from the payer of record is secured by the payer of record's APV. Even if the lender of record intends to sell or otherwise transfer the SPVL to a third party after the close of the transaction, such intention does not change who the lender of record is.

Who Must File

File Form 1098-VLI if you are engaged in a trade or business and in the course of such trade or business you receive from an individual, decedent's estate, or nongrantor trust $600 or more of interest on any one SPVL during the calendar year.

Not in the lending business. If you receive SPVL interest of $600 or more in the course of your trade or business, you are subject to the requirement to file Form 1098-VLI, even if you are not in the business of lending money. For example, if you are a dealer and you provide financing to an individual to buy an APV, and the financing is secured by a first lien on the APV, you are subject to this reporting requirement. However, if you are a physician not engaged in any other business and you lend money to an individual to enable that individual to buy an APV from a dealer and you have a first lien on the APV, you are not subject to this reporting requirement because you did not receive the interest in the course of your trade or business as a physician.

Collection agents. Generally, if you receive reportable SPVL interest payments on behalf of someone else and you are the first person to receive the interest, such as a servicing bank collecting payments for a lender, you must file this form. Enter your name, address, Taxpayer Identification Number (TIN), and telephone number in the RECIPIENT'S/LENDER'S entity area. You must file this form even though you do not include the interest received in your income but you merely transfer it to another person. The person for whom you collected the interest does not need to file Form 1098-VLI.

There is an exception to this rule for any period that (a) the first person to receive or collect the interest does not have the information needed to report on Form 1098-VLI, and (b) the person for whom the interest is received or collected would receive the interest in its trade or business if the interest were paid directly to such person. If (a) and (b) apply, the person on whose behalf the interest is received or collected is required to report on Form 1098-VLI. If interest is received or collected on behalf of another person other than an individual, such person is presumed to receive the interest in a trade or business.

Foreign SPVL interest recipient. If you are not a U.S. person, you must file Form 1098-VLI if the interest is received in the United States. A U.S. person is a citizen or resident of the United States, a domestic partnership or corporation, or a nonforeign estate or trust. If the interest is received outside the United States, you must file Form 1098-VLI if (a) you are a controlled foreign corporation, or (b) at least 50% of your gross income from all sources for the 3-year period ending with the close of the tax year preceding the receipt of interest (or for such part of the period as you were in existence) was effectively connected with the conduct of a trade or business in the United States. See Regulations section 1.6050AA-1(d).

Nonresident Alien SPVL Interest Payer

Do not file Form 1098-VLI if the payer of record is a nonresident alien individual, foreign nongrantor trust, or foreign estate. See Regulations section 1.6050AA-1(e).

Report the SPVL interest based on the following documentation rules.

- If the interest is paid within the United States, you must request from the payer of record the applicable Form W-8 (withholding certificate) as described in Regulations section 1.1441-1(e)(4).
- If the interest is paid outside the United States, you must satisfy the documentary evidence standard described in Regulations section 1.6049-5(c).

Prepaid SPVL Interest

Report prepaid interest only in the year in which it properly accrues.

Exception. Interest received during the current year that will properly accrue in full by January 15 of the following year may be reported on Form 1098-VLI for the current year. However, if any part of an interest payment accrues after January 15, then only the amount that properly accrues by December 31 of the current year is reportable on Form 1098-VLI for the current year. See Regulations section 1.6050AA-1(f)(2). For example, if you receive a payment of interest that accrues for the period December 20 through January 20, you cannot report any of the interest that accrues after December 31 for the current year. You must report the interest that accrues after December 31 on Form 1098-VLI for the following year.

Reimbursement of Overpaid SPVL Interest

You are required to report reimbursements of overpaid interest totaling $600 or more to a payer of record on Form 1098-VLI. You are not required to report reimbursements of overpaid interest aggregating less than $600 unless you are otherwise required to file Form 1098-VLI. However, you may report any reimbursement of overpaid interest that you are not otherwise required to report, but if you do, you are subject to the rules in these instructions.

The reimbursement must be reported on Form 1098-VLI for the year in which the reimbursement is made. No change should be made to the prior-year Form 1098-VLI because of this reimbursement. Report the total reimbursement even if it is for overpayments made in more than 1 year.

To be reportable, the reimbursement must be a refund or credit of SPVL interest received in a prior year that was required to be reported for that prior year by any interest recipient on Form 1098-VLI. Only the person who makes the reimbursement is required to report it on Form 1098-VLI. For example, if you acquired an SPVL on which interest was overpaid in a prior year, you made a reimbursement of the overpaid interest, and the previous SPVL holder was required to report SPVL interest on Form 1098-VLI in the prior year, you must file Form

1098-VLI to report the reimbursement because you are the one making the reimbursement.

Example. In the previous year, you received $5,000 of SPVL interest from the borrower and reported that amount on Form 1098-VLI for the previous year. In the current year, you determined that interest due on the SPVL for the previous year was $4,500 and the borrower had overpaid $500. You refunded the $500 overpayment to the borrower in the current year. If you received $600 or more of interest on the SPVL from the borrower in the current year, you must report the $500 refund in box 5 of the current year Form 1098-VLI. No change to the previous year Form 1098-VLI is required. If, instead of refunding the $500 overpayment, you credited the borrower's current year SPVL interest payments due, $500 is still shown in box 5, and the interest received from the borrower in the current year shown in box 1 must include the $500 credit.

Overpayment and reimbursement in same year. If you reimburse interest in the same year it is overpaid, do not report the overpayment on Form 1098-VLI as interest received during the year or as a reimbursement of overpaid interest. For example, if the borrower paid $5,000 and you reimbursed $500 of that amount in the current year, enter $4,500 in box 1 as interest paid by the payer of record. Do not enter the $500 reimbursement in box 5.

Interest on reimbursement. A financial institution (or its middleman) that pays interest of $10 or more on the reimbursement must report that interest on Form 1099-INT, Interest Income. Others that pay interest that meets or exceeds the applicable reporting threshold in the course of their trade or business must report that interest on Form 1099-INT. Do not include such interest on Form 1098-VLI.

Statement to Payer of Record

If you are required to file Form 1098-VLI, you must provide a statement to the payer of record. For more information about the requirement to furnish an official form or acceptable substitute to the payer of record, see part M in Pub. 1099.

Truncating payer of record's TIN on payee statements. Pursuant to Regulations section 301.6109-4, all filers of this form may truncate a payee's TIN (social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN)) on payee statements. Truncation is not allowed on any documents the filer files with the IRS. A recipient's/lender's TIN may not be truncated on any form. See part J in Pub. 1099 for more information.

RECIPIENT'S/LENDER'S Name, Address, and Telephone Number Boxes

Enter the name, address, and telephone number of the filer of Form 1098-VLI. Use this same name and address on Form 1096 if you are filing on paper.

PAYER OF RECORD'S Name and Address Boxes

Enter the name and address, in the appropriate boxes, of the payer of record.

Account Number

The account number is required if you have multiple accounts for a payer of record for whom you are filing more than one Form 1098-VLI. Additionally, the IRS encourages you to designate an account number for all Forms 1098-VLI that you file. See part L in Pub. 1099.

Box 1. Vehicle Loan Interest Received by Lender

Enter the vehicle loan interest received from the payer of record during the calendar year. Do not include any prepaid interest that does not meet the exception explained under *Prepaid SPVL Interest*, earlier.

Note: Do not include in box 1 any interest attributable to the portion of indebtedness that does not qualify as an SPVL, as explained under *Specified Passenger Vehicle Loan (SPVL)*, earlier.

Boxes 2a, 2b, and 2c. Year, Make, and Model

Enter the appropriate information in each box.

Box 2d. VIN

Enter the VIN of the APV for which the SPVL was made.

Box 3a. Loan Origination Date

Enter the date of the origination of the SPVL with the original lender. If you acquired this SPVL, do not enter the date of acquisition (see Box 3b, next).

Box 3b. Loan Acquisition Date

If you acquired the SPVL, enter the date of acquisition. Otherwise, leave this box blank.

Box 4. Outstanding Principal

Enter the amount of outstanding principal on the SPVL as of January 1 of the calendar year for which the form is being filed. If you originated the SPVL in the calendar year, enter the SPVL principal as of the date of origination. If you acquired the SPVL in the calendar year, enter the outstanding SPVL principal as of the date of acquisition.

Box 5. Refund of Overpaid Interest

Enter the total refund or credit of a prior year(s) overpayment of SPVL interest. See *Reimbursement of Overpaid SPVL Interest*, earlier.

Box 6. Check if original use of the vehicle began with the payer of record

Check this box if the original use of the APV began with the payer of record. See *Original Use*, earlier. Also, check this box if the payer of record is an obligor of the SPVL by reason of the death of a previous obligor of the SPVL. See *Change in obligor*, earlier.

Box 7. Check if final assembly of the vehicle occurred within the United States.

Check this box if the final assembly of the vehicle occurred within the United States. See *Final Assembly in the United States*, earlier.