

Long Distance Excise Tax Refund

You may be eligible for a one-time tax refund. This one-time refund of previously collected federal telephone excise taxes may be requested on your 2006 federal income tax return. Anyone who paid long-distance excise taxes on landline, cell phone, Voice over Internet Protocol (VoIP), or bundled service that was billed for the period after February 28, 2003 and before August 1, 2006 is eligible for this refund. (Bundled service is local and long-distance service provided under a plan that does not separately list the charge for local service.)

You can request a refund of the actual federal excise tax you paid based upon your telephone bills for this period. Or you can request the standard refund amount ranging from \$30-\$60 based upon the number of exemptions you claim on your individual income tax return.

Choosing the standard amount is optional. Using this option is the easiest way to get your refund and avoid gathering 41 months of old phone records. By choosing the standard amount you will only need to fill out one line on your tax return. The standard amount is based on actual telephone usage data and reflects the long-distance phone tax paid by similarly sized families or households.

Choosing to request the actual amount paid may be more beneficial for some taxpayers. To request a refund based upon the actual amount you paid, you must determine the amounts paid based on your phone bills. Figure the refund on Form 8913 and attach this form to your 2006 income tax return.

If you are not normally required to file a tax return, there is a new form (Form 1040EZ-T) that you can use to request this refund. Form 1040EZ-T can be mailed to the IRS or it can be prepared and filed electronically at no cost by using Free File at IRS.gov.

Businesses and tax-exempt organizations are also eligible for the telephone excise tax refund. These organizations must use Form 8913, Credit for Federal Telephone Excise Tax Paid. Businesses and tax-exempt organizations may report the actual amount of refundable phone taxes they paid for the 41-month billing period from March 2003 through July 2006. Or they may use a formula established to estimate the refund. Businesses should attach Form 8913 to their regular 2006 income tax returns. Tax-exempt organizations must attach it to Form 990-T