



Remember to claim the telephone excise tax refund

This year, there's a new, one-time telephone tax refund on your tax return form, says Pete Oettinger, CPA, Partner at Wegner LLP, CPAs & Consultants.

The government stopped collecting a 3 percent excise tax on long-distance service tax last August after several federal courts determined the tax does not apply to this service. The IRS will refund excise taxes billed in the prior 41 months, or from March 1, 2003 through July 31, 2006.

There are several options for requesting the refund. The easiest is to use a standard amount that is based on the number of exemptions you take. The standard amounts are \$30 for a taxpayer filing with one exemption, \$40 for two exemptions, \$50 for three and \$60 for four or more.

The exemption is claimed on line 71 on Form 1040, line 42 on Form 1040A, line 9 on Form 1040EZ, line 69 on 1040NR, line 21 on Form 1040NR-EZ and line 1a of Form 1040EZ-T.

If you believe you paid more than this amount and have saved your phone bills for the entire period, you may also claim the actual amount of tax paid, Oettinger said. To claim the actual amount, you must fill out Form 8913 and also report it on the appropriate line on your tax return.

Businesses and tax-exempt organizations can also claim this one-time refund. The IRS has developed a formula to estimate the amount of the refund, based on the number of employees, the actual phone bills from April and September 2006, and the total phone expenses for the 41-month period. Or the organization may determine actual expenses paid. A description of the formula can be found at www.irs.gov.