



## **Get Money Back From the Federal Excise Tax Credit**

The federal excise tax is a tax that began in 1898. The long distance based excise tax is charged based upon the time of the call and the distance of the call. Over the past few years phone companies changed their fee structure and began offering flat fee long distance phone service. As this change occurred, taxpayers began to argue that the flat fee pricing structure had nothing to do with the time of the call or the distance the call had traveled.

After losing 5 court cases the IRS conceded that the tax could not be assessed and stopped assessing the tax as of August 30, 2006. The taxpayers however, did not give up so easily. They demanded restitution with interest for the tax that was improperly imposed. The IRS once again conceded.

Taxpayers will be eligible to file for a refund of all excise tax paid on long distance service after February 23, 2003. Don't worry though; you won't have to dig through old bills to figure out what your credit will be. The IRS is designing a straightforward process that will be used when filing your returns that will be simple and fair. Taxpayers have the option of using the IRS calculated amount or compiling all of their old bills to calculate their refund. This refund can be claimed on the 2006 income tax return.

**\*\*This refund does not apply to the federal excise tax that is applied to your LOCAL telephone services. Also, various state and local taxes and fees paid will be unaffected by this new refund.**