



News Release

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IRS Announces Standard Amounts for Telephone Tax Refunds

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WASHINGTON — The Internal Revenue Service today announced the standard amounts that most long-distance customers can use to figure their telephone tax refund. These amounts, which range from \$30 to \$60, will enable millions of individual taxpayers to request the telephone tax refund without having to dig through old phone bills.

In general, anyone who paid the long-distance telephone tax will get the refund on their 2006 federal income tax return. This includes individuals, businesses and nonprofit organizations. The 2006 return is usually filed during 2007.

The standard amounts are based on the total number of exemptions claimed on the 2006 federal income tax return. The standard amounts are \$30 for a person filing a return with one exemption, \$40 for two exemptions, \$50 for three exemptions and \$60 for four or more exemptions. For example, a married couple filing a joint return with two dependent children (for a total of four exemptions) will be eligible for the maximum standard amount of \$60.

“The easiest way for eligible taxpayers to get their money back is to use the standard amounts,” said IRS Commissioner Mark W. Everson. “These amounts save taxpayers from locating 41 months of old phone bills and analyzing these bills to determine the taxes paid. We believe the standard amounts are both reasonable and fair.”

To get the standard amount, eligible taxpayers only need to fill out one additional line on their regular 2006 return. The IRS is creating a special short form (Form 1040EZ-T) for those who don't need to file a regular return.

The standard amounts are based on actual telephone usage data, and the standard amount applicable to a family or other household reflects the long-distance phone tax paid by similarly sized families or households. Those who paid the long-distance tax on service billed after Feb. 28, 2003 and before Aug. 1, 2006 are eligible for a refund.

Only individuals can use the standard amounts. Alternatively, individual taxpayers can choose to figure their refund using the actual amount of tax paid.

Details on requesting the telephone tax refund will be included in all 2006 tax return materials and on irs.gov.

Though businesses and nonprofits must base their telephone tax refund on the actual amount of tax paid, the IRS is looking for ways to make the refund process easier for these taxpayers. The IRS is considering an estimation method businesses and nonprofits may use for figuring the tax paid.

"Businesses and nonprofits generally have more varied usage patterns than individuals do," Everson said. "We've met with a number of business and nonprofit groups to understand their concerns, and we plan to continue to work with them to come up with a reasonable method for estimating telephone excise tax refund amounts."

Comments and suggestions for simplifying the refund process for businesses and nonprofits should be e-mailed to Telephone.Tax@irs.gov. The deadline for these comments is Sept. 15, 2006.