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NEWS RELEASE

FOR IMMEDIATE RELEASE

January 31, 2007

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OCC OFFERS ADVICE ON TELEPHONE TAX REFUND

The Colorado Office of Consumer Counsel (“OCC”) reminds all Colorado telephone customers – individuals and businesses – of their eligibility for a telephone tax refund on their 2006 federal tax return.

The telephone tax credit is a one-time refund available through your 2006 federal income tax return and is to refund federal excise taxes previously collected on long-distance or bundled services telephone bills. It is available to anyone who paid such taxes on landline, cell phone, or Voice over Internet Protocol (VoIP) services.

“This tax on all telephone bills in the U.S. was originally created in 1898 to fund the Spanish-American War. However, a series of recent court decisions convinced the IRS that it is not lawful to continue to apply the federal tax to long-distance and bundled telephone service charges. It is, and will still be, collected on local-only telephone service,” said Jim Greenwood, Director of the OCC.

Greenwood further noted: “The IRS will refund the taxes on these services billed to you only for the 41-month period after February 28, 2003 and before August 1, 2006. According to the IRS, the only decision that Colorado telephone consumers have to make is whether to use the standard amounts provided by the IRS, or the amount of tax you actually paid. You are allowed to use whichever method gives you the larger refund.”

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Taking the standard amount for an individual is optional, but is the easiest way to get refunds and avoid gathering 41 months of old phone records. The standard refund amount for individuals is between \$30 and \$60 depending on the number of exemptions. Taxpayers who choose the standard amount will only need to fill out one line on their tax returns.

Individuals who decide not to use the “standard amount” must figure their refund using the actual amount of excise tax they paid from statements and/or bills for the 41 months. To choose this option, taxpayers should review their phone bills for the 41-month period, summarize the actual federal excise taxes, fill out IRS Form 8913 and attach it to their income tax returns.

Although any consumer is advised to first consult with competent expert advice regarding any tax issue, the OCC recommends that additional information regarding the phone tax refund can be found at the IRS’ website entitled “Telephone Tax Refund Questions and Answers” at: <http://www.irs.gov/newsroom/article/0,,id=161506,00.html>.

The Office of Consumer Counsel represents residential, small business and agricultural consumers in electric, gas and telephone rate and rulemaking cases before the Public Utilities Commission and federal agencies. The OCC is a division of the Department of Regulatory Agencies.