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## **How American Families and Businesses Can Still Reclaim Billions from the Telephone Excise Tax Refund**

The April tax deadline has come and gone and **billions of dollars** of the largest refund in U.S. history, estimated at \$20 billion, have gone unclaimed—this when **nearly everyone who has owned a phone over the past three years is eligible for a rebate.**

### **The Largest Refund in U.S. History**

Last year, along with dropping the antiquated 3-percent excise tax on long-distance phone service, the government announced the refund of all excise taxes paid on long-distance calls over the last three years, between February 28, 2003, and August 1, 2006.

The Telephone Excise Tax Refund (TETR) is estimated at over **\$10 billion for individuals and \$10 billion to businesses and tax-exempt entities.** The refund applies to telephone excise taxes paid on all long-distance telephone service, including landline, cell phone or Voice over Internet Protocol (VoIP).

### **Few Have Filed Claims**

Near the end of an insufficient IRS communications campaign, an April 12 report from the Government Accountability Office (GAO)<sup>1</sup> on TETR requests found that:

- More than a third of all taxpayers failed to claim a refund (31.5%)<sup>2</sup>;
- Less than 2 percent of the lowest-income Americans had filed a claim; and
- Less than 2 percent of projected eligible businesses and less than 1 percent of projected eligible nonprofits had claimed a refund so far.<sup>3</sup>

Standard refunds for individuals may seem small, \$30-\$60, but taken together **Americans are missing out on billions of dollars.**

### **It's NOT Too Late**

While the April 17 deadline is past, **claims can still be made** over the next **three years** (until 2010) for the refund by all those eligible who have not already done so:

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<sup>1</sup> "GAO Report on TETR," <http://www.gao.gov/new.items/d07695.pdf?source=ra>. 9 May 07.

<sup>2</sup> This category includes and reflects the claims made by the over 20 million sole proprietorships. Sole proprietorships are the most common form of business organization in the United States.

<sup>3</sup> Businesses and nonprofits file returns throughout the year, although the low numbers of claims so far are not encouraging.

## **Individuals**<sup>4</sup>

- **Form 1040X**<sup>5</sup>: Individuals can easily amend their federal income tax return to claim their credit using this form.
- **Form 1040 EZ-T**<sup>6</sup>: Those without federal income tax obligations, including many very low-income families, elderly and disabled, can file a claim with this form. Because they pay no federal income taxes, nothing else is necessary.
- **\$30 to \$60** is the standard refund for individual filers, based on family size.
- **No documentation is necessary for a standard refund.**
- **Form 8913**<sup>7</sup>: Individuals can claim actual amounts by additionally filing this form.

## **Businesses and Tax-Exempt Entities**<sup>8</sup>

- **Businesses and tax-exempt entities** can claim a refund, like individuals, by amending their federal income tax return.
- **Estimated Method**<sup>9</sup>: Businesses and tax-exempt entities can use this method, which requires less documentation and fewer calculations.
- **Form 8913**: Whether they use the Estimated Method or calculate the actual amount due, businesses and tax-exempt entities **must submit this form** with their return.

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<sup>4</sup> “Telephone Tax Refund Questions and Answers,”

<http://www.irs.gov/newsroom/article/0,,id=161506,00.html>. 9 May 07.

<sup>5</sup> Form 1040X, <http://www.irs.gov/pub/irs-pdf/f1040x.pdf>. 9 May 07.

<sup>6</sup> Form 1040 EZ-T, <http://www.irs.gov/pub/irs-pdf/f1040ezt.pdf>. 9 May 07

<sup>7</sup> Form 8913, <http://www.irs.gov/pub/irs-pdf/f8913.pdf>. 9 May 07.

<sup>8</sup> “Telephone Excise Tax Refund,” <http://www.irs.gov/newsroom/article/0,,id=164032,00.html>. 9 May 07.

<sup>9</sup> “Businesses and Tax-Exempts Can Use Formula for Telephone Tax Refund,” <http://www.irs.gov/newsroom/article/0,,id=164305,00.html>. 9 May 07.