



New IRS Announcement Creates \$13 billion in Refund Claims ***Communications excise tax refund now available***

June 7, 2006 - - - After a series of court defeats, the IRS announced it will grant refunds to taxpayers that paid federal communications excise tax on long distance phone calls. The Treasury Department stated that it expects to return nearly \$13 billion in erroneously paid tax.

The IRS has authorized refunds for tax paid on all long distance calls for the past three years. Both landline and bundled wireless calls potentially qualify for the refund.

First Advantage can help you collect this potentially valuable refund. We can assist your company in quantifying the opportunity, gathering necessary documentation, and securing the refund. For more information on this refund claim opportunity, please contact First Advantage by emailing tax@fadv.com or calling 800.669.6005.

About the excise tax

The federal communications excise tax is imposed on telephone calls where the charge for the call is billed to the customer based on the length of time and distance of the call. Even though telecommunication providers typically charge customers based only on the length of time of the call, rather than on the length of time and distance of the call, the IRS has historically contended that these calls were still subject to tax. After years of litigation, the IRS recently announced that it will no longer contest the issue and has conceded that long distance calls that are billed based on the length of time of the call alone are not subject to the tax.

The communications excise tax appears as line item on long-distance phone bills. The tax is collected by the long-distance provider and remitted to the IRS on the taxpayer's behalf. Because most providers have continued to collect the tax while the issue was decided in litigation, widespread refund claims are now available.



This document is intended to provide a brief synopsis of recent developments in federal and state tax credits and incentives. Because the matters described above are complicated in nature, the reader should contact a First Advantage tax professional prior to acting on the above information.. This information is not intended as, and should not be construed as, tax advice.