

Credit for Federal Telephone Excise Tax Paid

▶ **Attach to your income tax return.**

Name as shown on your income tax return

Identifying number

Enter the federal telephone excise tax billed during each period as listed in column (a) of lines 1–14 below.

By filing this form, you are certifying that you (1) have not received from your service provider a credit or refund of the tax paid on long distance service or bundled service billed after February 28, 2003, and before August 1, 2006, and (2) will not ask your provider for a credit or refund or have withdrawn any request submitted to the provider for a credit or refund.

Caution. See the instructions for explanations of the services that qualify for a credit or refund of the federal telephone excise tax.

Amount of federal excise tax on long distance or bundled service only

(a) Bills dated during:	(b) Long distance service	(c) Bundled service	(d) Tax credit or refund (add columns (b) and (c))	(e) Interest (see instructions)
1 March, April, and May of 2003	\$	\$	\$	\$
2 June, July, and August of 2003				
3 September, October, and November of 2003				
4 December of 2003; January and February of 2004				
5 March, April, and May of 2004				
6 June, July, and August of 2004				
7 September, October, and November of 2004				
8 December of 2004; January and February of 2005				
9 March, April, and May of 2005				
10 June, July, and August of 2005				
11 September, October, and November of 2005				
12 December of 2005; January and February of 2006				
13 March, April, and May of 2006				
14 June and July of 2006				
15 Add lines 1–14 in columns (d) and (e)			\$	\$
16 Total credit or refund requested. Add columns (d) and (e) on line 15. Enter here and on Form 1040, line 71; Form 1040A, line 42; Form 1040EZ, line 9; Form 1040EZ-T, line 1a; Form 1040NR, line 69; Form 1040NR-EZ, line 21; Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23d; Form 1041, line 24f; Form 1065, line 23; Form 990-T, line 44f; or the proper line of other returns ▶				\$

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2006



Department of the Treasury
Internal Revenue Service

Instructions for Form 8913

Credit for Federal Telephone Excise Tax Paid

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Form

Form 8913 is used to request a credit or refund of the federal excise tax paid on nontaxable telephone service that was billed after February 28, 2003, and before August 1, 2006. You cannot request a credit or refund for local-only service or for charges in connection with local-only service. See *Definitions* on page 2. See the table under *Communications Service* on page 2 to determine those telephone charges that are allowed to figure the credit or refund amount.

You may request a credit or refund if you:

- Have not received from the service provider a credit or refund of the tax paid on long distance or bundled service billed after February 28, 2003, and before August 1, 2006, and
- Will not ask the service provider for a credit or refund and have withdrawn any request submitted to the provider for a credit or refund.

Do not file Form 8913 if you are requesting the standard amount on your individual tax return.



Claims cannot be filed on Form 8849, Form 720, or Form 843 for nontaxable service; the IRS will not process these claims. If you filed a claim prior to May 25, 2006, you or your representative should have received a letter from the IRS explaining how your claim will be processed. If you or your representative have not received a letter or an IRS agent has not contacted you, call toll-free 1-866-699-4096 for assistance.

How To Figure Your Credit or Refund

There are two methods to figure your credit or refund on Form 8913. See page 3 for detailed instructions.

- Figure your actual credit or refund. You will need your phone bills for the 41-month refund period, which is bills dated after February 2003 and before August 2006.
- If eligible, you can estimate your actual credit or refund using the Business and Non-Profit Estimation Method.

Who Must File

All of the following must file Form 8913 to request a credit or refund of the federal telephone excise tax.

- All corporations, partnerships, trusts, fiduciaries, and non-profit taxpayers.
- A dependent filing an income tax return or who is filing Form 1040EZ-T because they are otherwise not required to file an income tax return. A person who can be claimed as a dependent on another person's return is eligible to request a credit or refund of the telephone excise tax if the dependent paid the tax on nontaxable service. However, the dependent must file Form 8913 and figure the actual amount of credit or refund. A dependent cannot request the standard amount.

Others Who May File

Individuals

Standard amounts are available for individuals to request a credit or refund of the tax instead of figuring the actual amount on Form 8913. See the 2006 Instructions for Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, Form 1040NR-EZ; or new Form 1040EZ-T, Request for Refund of Federal Telephone Excise Tax. However, individuals who want to request a credit or refund greater than the standard amount must file Form 8913. Individuals filing Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 4835 may benefit by figuring the actual amount of credit or refund on Form 8913.



The IRS has developed Form 1040EZ-T for use by individuals who are otherwise not required to file a tax return. Individuals who are eligible to file Form 1040EZ-T can request a standard amount or use Form 8913 to request the actual amount of credit or refund. Form 1040EZ-T is available on the IRS website at www.irs.gov.

Individuals filing Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 4835.

Individuals who figure the actual amount of credit or refund (or use the estimation method) must do so for all of their phone service included in the credit or refund request. You cannot request the standard amount for your personal lines and request the actual amount for your business lines.

Deceased Taxpayers

If a taxpayer died before filing a return for 2006, the taxpayer's spouse or personal representative may have to file Form 8913 and attach it to the applicable tax return for that taxpayer. The spouse or personal representative can choose between the standard amount, actual amount, or estimation method. For more information on filing for a deceased taxpayer, see the instructions for your individual tax return.

If the taxpayer died before 2006, use the following rules.

- If the estate of the taxpayer is open and the estate is required to file Form 1041 for any period beginning in 2006, then Form 8913 should be attached to the 2006 Form 1041.
- If the estate has filed a final Form 1041 or is otherwise not required to file Form 1041, the beneficiary may file Form 8913 to request a credit or refund for any months of the refund period the taxpayer was alive and paid the tax. If there was more than one beneficiary, each can request their proportionate share of the credit or refund.



An individual beneficiary cannot file Form 8913 for the decedent and request the standard amount for their personal phone service. You must figure your credit or refund on Form 8913 for all of your nontaxable service or request the standard amount.

Entities No Longer in Existence or No Longer in Business

If your entity was the subject of a merger or acquisition, the surviving or acquiring corporation can include on its Form 8913 any tax for the months of the refund period the

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dissolved entity was in existence and paid the tax. If the entity is no longer in business or is no longer in existence, the distributee must file Form 8913. The distributee includes any phone tax on nontaxable service from the entity no longer in existence with the distributee's refund request.

Credit or Refund Requests by Service Providers

A service provider is the person responsible for paying over the tax to the government, generally the telecommunications company that provides communications services to the taxpayer. A provider cannot use Form 8913 to request a credit or refund for nontaxable service billed to customers of the provider. See the Instructions for Form 720.

Providers may request a credit or refund on Form 8913 for nontaxable service billed to the provider.

Documentation

You do not have to attach any phone bills or other records to Form 8913. However, all taxpayers must have in their possession the appropriate documentation to support the credit or refund request.



Service providers are not obligated to provide billing records to their customers.

How To File

Attach Form 8913 to your 2006 income tax return or to the return for the first tax year that includes December 31, 2006.

Definitions

Communications Service

The table below lists the various types of communications service and if a credit can be requested for the federal telephone excise tax paid on that service.

Local Service

Local service means (a) access to a local telephone system (but not private communications service) and the privilege of telephonic quality communication with substantially all persons having telephone or radio telephone stations constituting a part of such local telephone system, and (b) any facility or service provided in connection with such a service.

Local-only service includes the charges for the following services, even though they may be connected with long-distance service.

- Telephone amplifier.
- Automatic call distributing equipment.
- Special telephone.
- Subscriber line charge (or access charge if separately stated).

A universal service fee charge is considered local-only service if it is separately stated on the bill for local-only service.

If local and long distance service is billed to a customer on a single bill, but the charges for local-only service and

long-distance service are separately stated, then the amount for local-only service is subject to the three percent communications excise tax.

Nontaxable Service

Bundled Service

Bundled service is local and long distance service provided under a plan that does not separately state the charge for the local telephone service. Bundled service includes plans that provide both local and long distance service for either a flat monthly fee or a charge that varies with the elapsed transmission time for which the service is used. Telecommunications companies provide bundled service for both landlines and wireless (cellular) service. If Voice Over Internet Protocol service provides both local and long distance service and the charges are not separately stated, such service is bundled service.

The method for sending or receiving a call, such as on a landline telephone, wireless (cellular), or some other method, does not affect whether a service is local-only or bundled.

Prepaid Telephone Cards (PTC)

A PTC will be treated as bundled service unless a PTC expressly states it is for local-only service. Generally, the person responsible for collecting the tax is the carrier who transfers the PTC to the transferee. The transferee is the first person that is not a carrier to whom a PTC is transferred by the carrier. The transferee is the person liable for the tax and is eligible to request a credit or refund.

The holder is the person that purchases a PTC other than for resale. Holders are not liable for the tax and cannot request a credit or refund.

Example 1. Z purchases a PTC from S. Z uses the PTC to place telephone calls. Z is a holder and cannot request a credit or refund.

Example 2. S purchased the PTC from O. O is a transferee that purchased the card from R. R is a carrier. O is eligible to request a credit or refund. S cannot request a credit or refund because S did not purchase the PTC from the carrier.

Prepaid Cellular Telephones

Rules similar to the PTC rules above apply to prepaid cellular telephones. The transferee is the person eligible to request the credit or refund.

Long Distance Service

Long distance service is telephonic quality communication with persons whose telephones are outside the local telephone system of the caller.

Additional Information

For more information, see Notice 2006-50, which is available on page 1141 of Internal Revenue Bulletin 2006-25 at www.irs.gov/pub/irs-irbs/irb06-25.pdf.

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Specific Instructions

Identifying Number

You must enter your identifying number. If you do not have a social security number (SSN), complete Form SS-5. If you do not have an employer identification number (EIN), complete Form SS-4.

If you are a nonresident alien or resident alien, enter your individual taxpayer identification number (ITIN) if you have one. If you do not have an ITIN, leave the entry space blank. However, see *Social Security Number* in the Form 1040EZ-T instructions for information on the documentation that must be attached to Form 1040EZ-T.

How To Complete Lines 1–14, Columns (b) and (c)

Figuring the Actual Amount of Credit or Refund

Taxpayers must have appropriate records for each month a credit or refund is requested. Businesses and nonprofit organizations may use an estimation method (described below). Combine the amount of tax for the months as indicated on lines 1–14. Complete and attach only one Form 8913 to each return. If you are requesting a refund for more than one bill per month, combine all your bills for the month. Include the tax on prepaid telephone cards and prepaid cellular service with long distance service in column (b). Do not include the tax on local-only service.

Example 1. A corporation files a consolidated return with three subsidiaries. The corporation prepares one Form 8913 which combines the credit or refund request for the entire group.

Example 2. Audrey files Form 1040 that includes a Schedule C (Form 1040) for each of her three businesses. Audrey combines the tax from her personal phone service along with her business phone service and files one Form 8913 with Form 1040.

Business and Nonprofit Estimation Method

A business and nonprofit estimation method is available for corporations, partnerships, estates, trusts, and nonprofit organizations. Business also includes individual taxpayers filing Schedule C, Schedule C-EZ, Schedule E, Schedule F, or Form 4835. Your organization must have been in business April through September of 2006 to use this method.



CAUTION Individuals cannot request the standard amount for their personal phone service if they figure the actual credit or refund or use the estimation method for their business phone service.

This method will allow organizations to make a reasonable estimate of their actual credit or refund for the 41-month refund period. Using the estimation method may reduce the burden of computing the actual credit or refund for all 41 months. However, there are limits on the amount of credit or refund using this method. The limits are explained in the worksheet. Any organization, or individual filing Schedules C, C-EZ, E, F, or Form 4835, can always figure the actual amount of credit or refund and not use the estimation method.

Step 1. Are You Eligible To Use This Method?

1. Are you an individual taxpayer?

Yes.
Continue

No.
You can use this method.
Go to Step 2.

2. Are you filing Schedule C, C-EZ, E, or F, or Form 4835?

Yes.
Continue

No. 
You cannot use this method.

3. Enter the amounts from the following lines of your tax return:

3a. Schedule C, line 1	
3b. Schedule C, line 6	+
3c. Schedule C-EZ, line 1	+
3d. Schedule E, line 3	+
3e. Schedule F, line 11	+
3f. Schedule F, line 45	+
3g. Form 4835, line 7	+
3h. Add lines 3a through 3g	=
3i. Schedule F, line 2	-
3j. Subtract line 3i from line 3h	=

4. Is line 3j more than \$25,000?

Yes.

No. 
You cannot use this method.

You can use this method.
Go to Step 2.

Step 2. Figure Your Allowable Excise Tax Rate

1. Enter the total amount you paid for telephone service (including all fees and taxes) billed in April 2006. **1.** _____
2. Enter the total federal excise tax included on line 1. **2.** _____
3. Divide line 2 by line 1. Carry the result to at least four decimal places **3.** _____
4. Enter the total amount you paid for telephone service (including all fees and taxes) billed in September 2006. **4.** _____
5. Enter the total federal excise tax included on line 4. **5.** _____
6. Divide line 5 by line 4. Carry the result to at least four decimal places **6.** _____
7. Subtract line 6 from line 3. **7.** _____
8. Enter the number of employees from line 1 of your second quarter of 2006 Form 941 (but do not count any household employees, employees in nonpay status, pensioners, or active members of the Armed Forces). **8.** _____
9. If line 8 is 250 or less, enter 0.02. Otherwise, enter 0.01 **9.** _____
10. Enter the smaller of line 7 or line 9. **10.** _____

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Step 3. Figure Your Credit or Refund for Each Period

- In **column (b)**, enter the telephone expenses billed for the period in column (a). You may determine your telephone expenses for each month during your tax year by dividing your annual telephone expenses for that tax year by 12.
- In **column (c)**, enter the rate from Step 2, line 10.
- In **column (d)**, multiply column (b) by column (c). Enter the result on the corresponding line in column (d) of Form 8913.

(a) Period	(b) Telephone Expenses (including all fees and taxes)	(c) Rate From Step 2, Line 10	(d) Tax Credit or Refund (column (b) x column (c))
1. March 2003 – May 2003	\$		\$
2. June 2003 – Aug. 2003			
3. Sept. 2003 – Nov. 2003			
4. Dec. 2003 – Feb. 2004			
5. March 2004 – May 2004			
6. June 2004 – Aug. 2004			
7. Sept. 2004 – Nov. 2004			
8. Dec. 2004 – Feb. 2005			
9. March 2005 – May 2005			
10. June 2005 – Aug. 2005			
11. Sept. 2005 – Nov. 2005			
12. Dec. 2005 – Feb. 2006			
13. March 2006 – May 2006			
14. June 2006 – July 2006			

Do not complete columns (b) and (c) on Form 8913. Complete column (e) and the rest of Form 8913 using these instructions.

Lines 1–14, Column (e)

All taxpayers must figure the interest that is due on the credit or refund. If you are an individual, estate, or trust and are filing a calendar year tax return, multiply the amount of tax on Form 8913, lines 1-14, column (d), by the appropriate

interest factor in the table below, and enter the result in column (e). The interest factors below also may be used by other taxpayers with a return due date of April 17, 2007. Interest is computed through May 30, 2007.

Line From Form 8913	Interest Start Date	Interest Factor
Line 1	August 1, 2003	.26035153
Line 2	November 1, 2003	.24562575
Line 3	February 1, 2004	.23314233
Line 4	May 1, 2004	.22007283
Line 5	August 1, 2004	.20585637
Line 6	November 1, 2004	.19278274
Line 7	February 1, 2005	.17787264
Line 8	May 1, 2005	.16264458
Line 9	August 1, 2005	.14519529
Line 10	November 1, 2005	.12705042
Line 11	February 1, 2006	.10734120
Line 12	May 1, 2006	.08860272
Line 13	August 1, 2006	.06865803
Line 14	November 1, 2006	.04732732

Interest factors are not provided in these instructions for returns with a due date before or after April 17, 2007. Tables of interest rates to figure interest on overpayments for return due dates other than April 17, 2007, are available in Rev. Proc.95-17, 1995-1 C.B. 556. The applicable interest rates for overpayments in effect for periods through December 31, 2006, are shown in Rev. Rul. 2006-49, 2006-40 I.R.B. 584, which is available at www.irs.gov/pub/irs-irbs/irb06-40.pdf. For periods after December 31, 2006, use the applicable overpayment rate under section 6621(a)(1) in the quarterly revenue rulings published in the Internal Revenue Bulletin.

Including the Credit or Refund in Income

If you deducted the excise tax paid, you must include the credit or refund in your gross income in the year received or accrued (except to the extent the deduction did not reduce your income tax).

Amended Return

You must complete another Form 8913 in full if you are amending a previously filed Form 8913. Attach both the original and corrected Form 8913 to the applicable amended return.

Example. Individuals may file an amended return changing from the standard amount to the actual amount of credit or refund. Attach the original and corrected Forms 8913 to Form 1040X and state that your are changing from the standard amount to the actual amount of credit or refund.

Paperwork Reduction Act Notice. We ask for the information on Form 8913 to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file Form 8913 will vary depending on individual circumstances. The estimated

burden for individual taxpayers filing Form 8913 is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file Form 8913 shown below.

Recordkeeping, 13 hr., 37 min.; Preparing and sending the form to the IRS, 13 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.
