



ALLIANT ADVISORS

FIND DIRECTION



The Navigator

Important Markers To Guide Your Way

September 2006

Welcome! As Alliant Advisors we have the passion to help our clients Find Direction for both business and personal goals. To support this promise we will continue to send you bits of helpful and useful information through e-mail to keep you up to date on any current changes, due date reminders or other information that may be relevant to your specific needs.

We hope you will enjoy and value this information. If you do not wish to receive this information by email please respond to this message and we will remove you from the list. For more information about any aspect of our services, visit www.alliant-advisors.com or call your local office.

The Alliant Team

IRS ANNOUNCES STANDARD AMOUNTS FOR TELEPHONE TAX REFUNDS

After losing several court battles, the U.S. Treasury announced that it would provide refunds to consumers for a federal excise "luxury" tax on long-distance service. The refund will apply to the 3 percent excise tax billed to taxpayers on long-distance service since Feb. 28, 2003 and will include interest. Consumers will be able to submit a claim for the refund on their 2006 tax returns, filed in 2007.

The Internal Revenue Service has 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 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 non-profit organizations.

The standard amounts are based on the total number of exemptions claimed on the 2005 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.

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

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.

