



# 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 long distance or bundled telephone service that was billed after February 28, 2003, and before August 1, 2006. You cannot request a credit or refund for the tax paid on local-only service or charges in connection with local-only service. See *Definitions* on page 2.

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- Will not ask the service provider for a credit or refund or have withdrawn any request submitted to the provider for a credit or refund.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.*

Requests cannot be filed on Form 8849, Form 720, or Form 843 for this credit or refund; 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.

- Figure your actual credit or refund. You will need your phone bills for the 41-month refund period.
- If eligible, you can figure your actual credit or refund using the Business and Nonprofit Estimation Method.

#### Who Must File

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

- All corporations, partnerships, estates, trusts, and nonprofit organizations.
- Any individual who can be claimed as a dependent by someone else. A person who can be claimed as a dependent is eligible to request a credit or refund of the telephone excise tax if the dependent paid the tax on long distance or bundled 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, Form 1040-PR, Form 1040-SS, 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 file Form 1040EZ-T can request the standard amount or use Form 8913 to request a refund. Form 1040EZ-T is available on the IRS website at [www.irs.gov](http://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 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 also request the actual amount for your business lines.

##### Deceased Taxpayers

If a taxpayer died after 2005 but before filing a return for 2006, the taxpayer's spouse or personal representative may have to file Form 8913 (if he or she is not requesting the standard amount) and attach it to the individual income tax return for that taxpayer or to Form 1040EZ-T. For more information on filing for a deceased taxpayer, see the instructions for your individual tax return.

If the taxpayer died before 2006, Form 1041 must be filed for 2006, even if the estate is closed. Attach Form 8913 to that return.

##### Entities No Longer in Existence or No Longer in Business

If an entity was the subject of a merger or acquisition and it will not be filing a 2006 income tax return, the surviving or acquiring corporation must include on its Form 8913 any tax for the months of the refund period the dissolved entity was in existence and paid the tax. If the entity is no longer in business or is no longer in existence, the transferee must file Form 8913. The transferee must include any tax on long distance or bundled service from the entity no longer in existence with the transferee's own Form 8913.

## 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 long distance or bundled service billed to customers of the provider. See the Instructions for Form 720.

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

## Recordkeeping

Do not attach any phone bills or other records to Form 8913. However, all taxpayers must keep records to support the credit or refund request.



*Service providers are not required to provide duplicate billing records to their customers.*

## How To File

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

## Definitions

### Local-Only Service

Local-only 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 3% communications excise tax.

### 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. For more information, see Regulations section 49.4251-4.

The holder is the person that purchases a PTC to use and not to resell. 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](http://www.irs.gov/pub/irs-irbs/irb06-25.pdf).

# Specific Instructions

## Identifying Number

Enter the identifying number shown on your tax return. If you are filing Form 1040EZ-T and you did not enter an identifying number on that form, leave this space blank.

## 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 period a credit or refund is requested. Businesses and nonprofit organizations may be eligible to use an estimation method (described below). Enter the tax for all telephone lines for each period in the applicable column shown on lines 1–14. Complete and attach only one Form 8913 to your return. 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.



*Individuals cannot request the standard amount for their personal or business phone service if they figure the actual credit or refund for any of their phone 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 separate Schedule C (Form 1040) for each of her three businesses. Audrey combines the actual tax paid for her personal and business phone lines 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, with gross receipts above the limit figured in Step 1 of the worksheet. Your organization must have been in business April through September of 2006 to use this method.

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.

No.

You can use this method. Go to Step 2 at the bottom of this page.

Continue

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

Yes.

No.



You cannot use this method.

Continue

### 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 2	+ _____
3f. Schedule F, line 11	+ _____
3g. Schedule F, line 45	+ _____
3h. Form 4835, line 7	+ _____
3i. Add lines 3a through 3h	= <input style="width: 100px; height: 20px;" type="text"/>

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

Yes.

No.



You can use this method. Go to Step 2.

You cannot use this method. Complete lines 1–14 using the actual amounts of tax paid.

## 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). If you did not file Form 941, enter -0-. . . . . **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.** \_\_\_\_\_

### Step 3. Figure Your Credit or Refund for Each Period

- In **column (b)** of the worksheet below, enter the telephone expenses paid or accrued from your books and records that were 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)** of the worksheet below, enter the rate from Step 2, line 10.
- In **column (d)** of the worksheet below, 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 due on the credit or refund for each period. If you are an individual, estate, trust, or partnership (except an electing large partnership) and you are filing a calendar year return on or before its original due date, multiply the amount of tax on Form 8913, lines 1–14, column (d), by the interest factor for the corresponding line in the table below. Interest is computed through May 30, 2007.

Line From Form 8913	Interest Start Date	Interest Factor
Line 1	August 1, 2003	.260351533
Line 2	November 1, 2003	.245625746
Line 3	February 1, 2004	.233142332
Line 4	May 1, 2004	.220072831
Line 5	August 1, 2004	.205856373
Line 6	November 1, 2004	.192782734
Line 7	February 1, 2005	.177872636
Line 8	May 1, 2005	.162644579
Line 9	August 1, 2005	.145195286
Line 10	November 1, 2005	.127050415
Line 11	February 1, 2006	.107341197
Line 12	May 1, 2006	.088602722
Line 13	August 1, 2006	.068658029
Line 14	November 1, 2006	.047327318

Interest factors are **not** provided in these instructions for other taxpayers. Tables of interest rates to figure interest on overpayments for other taxpayers 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](http://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.

Interest must be figured using the interest start date shown in the table above. The interest ending date is 45 days after the later of the original due date or the date you file your return.

### Including the Credit or Refund in Income

You must report as interest income in the year received or accrued the part of your credit or refund attributable to interest, from line 15, column (e). If you deducted any telephone excise tax paid, you also must include in gross income in the year received or accrued the smaller of the amount deducted or the rest of your credit or refund, from line 15, column (d), except to the extent the deduction did not reduce federal income tax.

### Amended Return

You must complete another Form 8913 in full if you are amending a previously filed Form 8913. On the corrected Form 8913, use the same interest start date and ending date that were required to be used on your original Form 8913. Attach both a copy of the original Form 8913 and the corrected Form 8913 to the applicable amended return. Write “Amended TETR” at the top of the corrected Form 8913 and the amended return.

Individuals also may file an amended return changing from the standard amount to the actual amount of credit or refund. Attach Form 8913 to Form 1040X and state that you are changing from the standard amount to the actual amount of credit or refund. Write “Amended TETR” at the top of the amended return.