



120 West Kansas Avenue
P.O. Box 707
Ulysses, Kansas 67880

Tel: 620/356-3211
Fax: 620/424-3242
Web: www.pioncomm.net

NEWS RELEASE

Taylor Summers
Director of Marketing & Public Relations
Pioneer Communications
120 West Kansas Avenue
Ulysses, Kansas 67880
Tel: 620-356-3211
Fax: 620-424-3162
E-mail: taylor@pioncomm.net

IRS Refunds Federal Telephone Tax on Long-Distance Calls

(Ulysses, Kansas -- January 26, 2006) Taxpayers filing 2006 federal income-tax returns will have the opportunity to claim a new refund on their tax forms this year. The Internal Revenue Service (IRS) is allowing a one-time refund of the federal excise tax previously collected on long-distance telephone service.

First established in 1898 to help fund the Spanish-American Civil War, the federal excise tax on telephone service was originally imposed as a luxury tax on wealthy Americans who owned telephones at the time. Since that time, the tax had been repealed, redrafted and reinstated on multiple occasions and ended up being assessed most recently at a rate of 3% of a customer's long-distance service charges. A series of federal court decisions in 2005 and 2006, came to support the long-held position of the telecommunications industry and numerous taxpayer unions that felt the tax could no longer be applied to long-distance service as it is billed today. As a result, the Department of the Treasury conceded to repeal this portion of the federal excise tax. Then, in May of 2006, the IRS announced that it would stop collecting the tax and would proceed to issue refunds, with the expectation of ultimately returning as much as \$10 billion to American taxpayers.

Under the statute of limitations in the Internal Revenue Code, the IRS is not permitted to refund taxes that were paid more than three years before the date on which the refund program was announced. Accordingly, the federal telephone excise tax refund is being made available only for long-distance taxes billed after February 28, 2003, and before August 1, 2006. Furthermore, the refund of the federal excise tax on long-distance service does not affect the federal excise tax on local telephone service, which remains in effect. Likewise, state and local taxes and fees paid by telephone customers are also unaffected.

In general, anyone who paid the federal excise tax on their long-distance service during the period between March 1, 2003, and July 31, 2006, will be eligible to request the refund on their 2006 federal income-tax return. This includes individuals, businesses and nonprofit organizations.

The IRS is offering individual taxpayers two ways to request the refund.

The first option allows individuals to claim a standard deduction amount, based on national averages of actual telephone usage data as determined by the IRS. The standard amount includes interest and ranges between \$30 and \$60, based upon the number of exemptions claimed on the taxpayer's 2006 filing. To request the refund in the form of the standard deduction, there are no additional forms to file, and the claim will be available as an additional line on the regular 2006 income-tax return form. Individuals choosing the standard amount can simply fill in the amount on Form 1040, 1040A, 1040NR, or 1040EZ. Those individuals who do not otherwise have to file a 2006 income tax return will be able to use a new, simple Form 1040EZ-T to claim the standard amount.

The second option allows individuals to request a refund of the actual amount of tax paid between March 1, 2003, and July 31, 2006. In this case, the taxpayer will be required to document their tax data for the period

using the IRS' newly developed Form 8913. Form 8913 is used to record and calculate the amount of tax paid and interest accumulated during the forty-one month period and then must be attached to the individual's standard 2006 income-tax return.

The standard deduction amount is not available to businesses and nonprofit organizations. Accordingly, businesses and nonprofits are required to fill out Form 8913 and base their refund requests on the actual amount of tax they paid during the forty-one month period. Businesses will attach Form 8913 to the income-tax returns they normally file, such as Form 1120, 1120S, 1065 or 1041. Nonprofits, including churches, charities and other tax-exempt organizations, should attach Form 8913 to Form 990-T.

Alternatively, businesses and tax-exempts that are eligible and choose not to document forty-one months worth of phone data are given the option to use the Business and Nonprofit Estimation Method. The estimation method is designed to reduce the task of computing the actual credit or refund for the entirety of the periods and requires businesses and nonprofits to review their telephone bills for only two months, April of 2006 and September of 2006. Taxes paid during those two months are then processed through a special estimation formula designed by the IRS to figure the refund amount. Form 8913 is also to be used by those filers using the estimation method, and details of the formula can be found in the instructions provided with Form 8913.

Pioneer Communications is providing their customers with a informational letter to be delivered on February 5th, in an effort to assist individuals, businesses and tax-exempt organizations as they file their federal income taxes and request the telephone excise tax refund from the IRS. The letter supplies a detailed history of the federal excise tax collected on long-distance service under each customer's telephone account during the period of March 1, 2003, through July 31, 2006. As a courtesy to their customers, Pioneer's reproduction of this information will allow taxpayers to conveniently review their record of paid excise tax and avoid the burden of having to recall and collect forty-one months worth of past phone bills. Telephone customers will then be able to use this information to aid in their decision to either claim the standard deduction or file their refund request based upon the actual amount of taxes paid.

The data provided in the letter to Pioneer's telephone customers includes only those federal taxes that were associated with long-distance services as billed and collected by Pioneer Communications. However, if a taxpayer had long-distance services that were billed through another carrier during the period, then they may need to revisit their own records or collect the associated data from the respective service provider.

More information, including many helpful answers to frequently asked questions about the tax refund, together with detailed descriptions of the methods available to taxpayers for filing of their telephone excise tax refund request, can be found at the Internal Revenue Service's website, located on the Internet at www.irs.gov. A complete collection of all of the appropriate forms has also been made available for download from the IRS' website.

In addition to the information published at their website, the IRS also has several toll free numbers available to provide telephone assistance to taxpayers. Assistance for Individuals is provided at 1-800-829-1040. Assistance for Businesses is provided at 1-800-829-4933. Additionally, assistance for the hearing-impaired is provided at 1-800-829-4059 (TDD).

Taxpayers may also choose to consult with a professional tax preparer for additional information as they prepare and file their income-tax returns. A tax professional can also provide guidance in the selection of the optimal method to be used in claiming the telephone excise tax refund.

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