

WASHINGTON, D.C. - Representative Lee Terry (NE-02) today praised the U.S. Treasury Department for its decision to return three years of federal excise taxes on long-distance calls. This decision ends the Spanish-American War tax (federal excise tax) on long-distance service. The excise tax was first levied to fund the Spanish American War.

"The release on the long-distance phone tax is appropriate and a triumph for taxpayers," said Terry. "This decision brings us one step closer to a full repeal. This tax is long outdated, dating back 108 years, 18 presidents, and 54 Congresses. Every phone-owner over the last century has paid into this tax. I have worked for a long time for the repeal of this luxury war tax. My parents waited, my grandparents waited, my great grand parents waited, and now we work to ensure our children will not have to wait to see the antiquated tax permanently disconnected."

Terry is a co-sponsor of H.R. 1898 to repeal the excise tax on all telecommunications services, not just long-distance.

The collection of the three percent excise tax is scheduled to end July 31, 2006. The Department of Justice will no longer pursue litigation and the Internal Revenue Service (IRS) will issue refunds for the past three years. Taxpayers will be able to apply for refunds on their 2006 tax forms, to be filed in 2007.

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