

U.S. Treasury Dept. ends long-distance phone tax

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The U.S. Treasury Department said it will eliminate the long-distance telephone excise tax.

Following the decision, the Internal Revenue Service will be issuing tax refunds on long-distance services for the past three years, and taxpayers will be able to apply for refunds on their 2006 tax forms, to be filed in 2007.

The decision "marks the beginning of the end of an outdated, antiquated tax that has survived a century beyond its original purpose, and by now should have been ancient history," Treasury Secretary John Snow said in a statement. "I would like to call on Congress to terminate the remainder of this antique tax by repealing the excise tax on local service as well."

The tax was first introduced in 1898 as a "luxury" tax on wealthy citizens who owned telephones.

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