

History of the Federal Telephone Tax

A telephone excise tax was first imposed on toll calls (considered a luxury) in 1898, during the Spanish-American war. It was removed in 1902, and then reinstated intermittently to help raise extra dollars for World War I, World War II, Korean War, Vietnam War, as well as for weapons of every conceivable kind. In 1941 Congress added an excise tax to local phone service. In 1966 legislation was passed that raised the long distance tax to 10%. Congressman Wilbur Mills stated, "...it is Vietnam, and only the Vietnam operation, that makes this bill necessary." In 1990 Congress agreed to a permanent 3% telephone tax.

In 2006, after losing several court cases brought by large corporations, the IRS was forced to drop the federal excise tax on long distance calling (including mixed use services, such as cell phones) due to technicalities of wording in the original bill that did not fit today's billing options. Refunds for three years of taxes paid were offered on 2006 tax forms (see irs.gov for details).

Today a 3% federal excise tax remains on local-only phone service. There are efforts to end this tax. Contact your Congressperson to find out about the current bills to rescind the tax.

Statement of Telephone Tax Refusal

I refuse to pay the federal excise tax on this bill because I object to its use for military purposes. The U.S. government spends at least half of all income and excise tax revenues on the costs of war. Our taxes should be used to care for life, and I will use this money to fund human needs. I anticipate that these unpaid taxes will be reported to the IRS. Please adjust my account with the appropriate credit for _____ (federal excise tax amount on this bill).

Name _____

Address on Bill _____

Account Number _____



For more information and to find how tos, stories from resisters, and updates on phone company response to this action, please see our telephone tax resistance website: www.hanguponwar.org.

Single copies of this brochure are free with a self-addressed stamped envelope, or \$12/100, from:



NATIONAL WAR TAX RESISTANCE COORDINATING COMMITTEE

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NWTRCC is a coalition of local, regional and national groups supportive of war tax resistance. NWTRCC will put you in touch with groups in your area if you contact us at the address below. Contributions will help us continue our work and are appreciated!

Local Contact:

NWTRCC sees poverty, racism, sexism, homophobia, economic exploitation, environmental destruction and militarization of law enforcement as integrally linked with the militarism that we abhor. Through the redirection of our tax dollars, NWTRCC members contribute directly to the struggle for peace and justice for all.

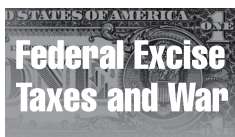


Refusing the Federal Telephone Tax



NATIONAL WAR TAX RESISTANCE COORDINATING COMMITTEE

www.nwtrcc.org



Every month, a great many of us who work for and dream of peace are unknowingly paying a little bit more for war and militarism. Federal excise taxes

are tacked onto a variety of goods and services, including local telephone service, alcohol, cigarettes, cruises, and gambling. These taxes pay into the general fund and provide about \$70 billion in government revenue, about half of which pays for the military and war.*

Many excise taxes were imposed on luxuries or as “sin taxes,” to discourage consumption, but they also have a general association with war. One of the earliest, a whiskey tax, was imposed in 1794 to help pay debts of the Revolutionary War (leading to the Whiskey Rebellion).

These taxes help to finance a global policy based on military might, weapons of mass destruction, and the expansion of militarism into outer space.

Today income, payroll, and corporate taxes provide the bulk of government revenue, but many of these excise taxes remain partly because they go unnoticed by the taxpayer (“stealth taxes”). These taxes

help to finance a global policy based on military might, weapons of mass destruction, and the expansion of militarism into outer space.

For people who do not want their money used for war, federal excise taxes are a concern. In most cases the items taxed are not necessities and purchase can be avoided as a way to avoid the tax. Telephone service is in a different category.

Today there is a 3% federal excise tax on local-only phone service. While an act of civil disobedience, it is possible to refuse this tax as a symbolic but positive way to protest increasingly militaristic U.S. government policies and actions.

*In contrast, federal “user taxes” pay into special funds; federal gasoline taxes are used to improve roads or those on air travel are used for airport development.

Telephone War Tax Resistance

Refusing the federal tax on phone bills became a prominent part of the Vietnam antiwar movement. Up to a half million people were “hanging up on war” by refusing the tax on their monthly bills, and the government took notice. The IRS attempted to seize houses, cars, and even bicycles for small amounts of the tax due. Since that large campaign, thousands of people who do not want their taxes to go to war have refused to pay this tax.

Our refusal to pay the federal phone tax — *an act of civil disobedience* — is relatively risk free, because the amounts are small. Now and then the

When you say “no” by refusing to pay even a small tax, it sends a message to Washington that is backed by action.

IRS may send collection letters demanding payment. The collection efforts mentioned above were at a time of widespread resistance and cost the government hundreds of dollars per person. Today the

most likely consequence of becoming a telephone war tax resister is a feeling of satisfaction. When you say “no” by refusing to pay even a small tax, it sends a message to Washington that is backed by action.

How To Refuse the Phone Tax

The “federal excise tax” or “federal tax” is itemized on your local-only phone bill (not on long distance bills, flat rate services for all calls, cell phones, etc.). To refuse this tax, simply deduct it from your total bill each month and pay the balance. A printed card, copies of which are available from NWTRCC, or a personal note should be included with the payment explaining your reasons for refusing to pay the federal excise tax. Some phone companies ask that you call for the credit each month or each quarter. Many people also send letters to congresspersons and other public officials indicating the action they have taken.

Will My Phone Service Be Disconnected

Generally, your phone company cannot legally disconnect your phone service for nonpayment of the tax. IRS regulations (*Code of Federal Regulations*, sect. 49.4291-1, title 26; 1996) clearly state that the phone company is supposed to collect the tax, but has no power to enforce collection. They are supposed to report the resistance to the IRS, but many companies do not inform their employees of proper procedures. In the 1970s the Federal Communications Commission ruled that AT&T (a long distance monopoly at the time) could not cut off phone service to tax resisters, but with so many companies now that ruling may not stand up in court.

If the refused tax is adding up over a number of months or shown as past due on your bill, be sure to call the company and ask for it to be credited (ask for a supervisor if the first person you speak with is not helpful). You may need to explain that the company should credit your bill each month and report the refused amount to the IRS (cite the Code above).

Contact NWTRCC if you need help or if your company is threatening to cut off your phone service.

What To Do With Resisted Taxes

We can see the cost of increasing military spending in the world around us: inadequate housing, health care, public transportation; hunger; environmental deterioration; etc. We see the result of U.S. militarism in death and physical destruction in other countries.

Our resisted telephone taxes can begin repairing the damage done here and around the world. Many resisters put the money to positive social use in this country or elsewhere rather than keeping it ourselves. Although the individual amounts are small, the combined total from thousands of us is indeed a significant amount when it is used to work for peace and justice and to meet human needs.