

Fed. Excise Tax Drops On Telephones

WASHINGTON, D.C. — The Federal excise tax on telephone service dropped from nine to eight percent on January 1, 1974, the Internal Revenue Service said.

The tax on local and toll telephone calls, as well as teletype services, is slated to drop one percent each year until January 1, 1982, when the tax expires.

The eight percent tax rate applies to bills issued by telephone companies in 1974, with one exception, the IRS said.

Bills will carry the nine percent rate for communication services furnished by telephone companies before November 1, 1973, regardless of when the customer is billed.