

**FOR IMMEDIATE RELEASE**

**FROM THE OFFICE OF THE COUNTY AUDITOR**

**FEBRUARY 5, 2002**

***COUNTY AUDIT LEADS TO TAX RECOVERY***

As a result of an internal audit completed by County Auditor Jim Rasins, DuPage County is expected to recover \$40,000 in federal excise taxes that it has paid. The audit also led to an additional projected excise tax savings of \$68,000 over the next five years.

The amounts represent a tax assessed on telephone, cellular telephone, mobile messaging, and data transmission services used by the County. Rasins said that the federal government originally collected the tax as a means of financing the Spanish-American War. The law addressing the tax has been amended and is now included in the Internal Revenue Code.

“The (Internal Revenue) Code specifically exempts units of local government from paying the tax,” Auditor Rasins said.

While examining the amounts that the County has paid to telecommunication service providers, the Auditor noted that certain bills included the federal excise tax amount calculated at 3% of various service charges.

“In order to avoid paying the excise tax, the County is required to file exemption certificates with each service provider,” he continued.

The audit determined that the County had not filed all of the required certificates with the service providers. As part of the audit, over 500 individual exemption certificates were filed with the five providers that received the largest payment amounts from the County for services. These filings will exempt the County from the tax in the future on existing accounts.

Rasins also pursued the recovery of the tax amounts previously paid by the County. He noted that federal law limits the recovery of these taxes to the amounts paid during the previous three years.

“Four of the five largest providers will be issuing refunds or crediting future service billings for the amount of the taxes recovered,” he said.

The Auditor also requested a refund from the Internal Revenue Service for the taxes paid to the fifth service provider.

Rasins’ audit report included detailed recommendations to ensure that the County continues to receive its exempt status in the future. He noted that the recommendations have been implemented by the County’s Information Technology Department.

###

For additional information call (630)682-7190.