

Airfare refund in the offing? September 16, 1997: 8:12 p.m. ET

If you bought an airline ticket in 1995, the IRS may owe you money

NEW YORK (CNNfn) - Remember in late 1995 when airlines were charging the 10% federal ticket tax, even though the tax had lapsed as a result of the budget impasse that "shut down" the government?

If you bought tickets anytime in 1995 for trips that began after Jan 1 1996, you or your company could be due a refund. That's because without a federal budget agreement, the tax was invalid for services purchased in 1995 but rendered in 1996. That means there might be a nice gold mine in your 1995 file cabinet.

The airlines and the IRS are at odds as to who should handle the tax refunds for these tickets. At first, the IRS asked the airlines to handle the refunds. The airlines responded by saying that tickets purchased by credit card would automatically have the 10% tax credited to the account.

However, Raj Shah, president of Universal VAT Services (UVS), an Atlanta-based company that helped companies reclaim tens of thousands of dollars from the IRS on these tickets, says that to the best of his knowledge, no carrier has refunded the tax to any passengers or corporations.

So go back and take a look at your airline tickets purchased in 1995. If the purchase date was in 1995 and the flight date was in 1996 -- and you were charged a 10% tax -- you are due a refund.

"Any company with a significant travel budget should have a sizable refund due to them," says Shah. "While it would be nice if the IRS or airlines would simply issue refunds, they have decided against this."

UVS, which normally helps companies reclaim VAT taxes from overseas trips, is now helping companies compile the documentation and file the proper tax forms with the IRS for a ticket tax refund. "Remember, any reclamation goes directly to your company's bottom line," say Shah.

Individuals interested in pursuing a refund should call the IRS (800-829-1040) and request form 8849. If you'd like help, call UVS at 770-393-4143. The deadline to apply for a refund from the IRS is December 1. ■

-- *Chris McGinnis*

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