

# Tax Examiners, Collectors, and Revenue Agents

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## Significant Points

- Tax examiners, collectors, and revenue agents work for Federal, State, and local governments.
- A bachelor's degree in accounting is becoming the standard source of training; in State and local government, an associate degree in accounting or related tax and accounting work experience may be sufficient.
- Employment is expected to grow more slowly than average over the 2002-12 projection period.
- Because of the relatively small number of openings, jobseekers can expect to face competition.

## Nature of the Work

Taxes are one of the certainties of life. And, as long as governments collect taxes, there will be jobs for tax examiners, collectors, and revenue agents. These workers ensure that governments obtain revenues from businesses and citizens by reviewing tax returns, conducting audits, identifying taxes payable, and collecting overdue tax dollars.

Tax examiners do similar work, whether they are employed at the Federal, State, or local government level. They review filed tax returns for accuracy and determine whether tax credits and deductions are allowed by law. Because many States assess individual income taxes based on the taxpayer's reported Federal adjusted gross income, tax examiners working for the Federal Government report to the States adjustments or corrections they make. State tax examiners then determine whether the adjustments affect the taxpayer's State tax liability. At the local level, tax examiners often have additional duties, but an integral part of the work still includes the need to determine the factual basis for claims for refunds.

Tax examiners usually deal with the simplest tax returns—those filed by individual taxpayers with few deductions or those filed by small businesses. At the entry level, many tax examiners perform clerical duties, such as reviewing tax returns and entering them into a computer system for processing. If there is a problem, tax examiners may contact the taxpayer to resolve it.

Tax examiners also review returns for accuracy, checking taxpayers' math and making sure that the amounts that they report match those reported from other sources, such as employers and banks. In addition, the examiners verify that Social Security numbers match names and that taxpayers have correctly interpreted the instructions on the tax forms.

Much of a tax examiner's job involves making sure that tax credits and deductions claimed by taxpayers are legitimate. Tax examiners contact the taxpayer by mail or telephone to address discrepancies and request supporting documentation. They may notify the taxpayer of any overpayment or underpayment and either issue a refund or request further payment. If a taxpayer owes additional taxes, tax examiners adjust the total amount by assessing fees, interest, and penalties and notify the taxpayer of the total liability. Although most tax examiners deal with uncomplicated returns, some may work

in more complex tax areas such as pensions or business net-operating losses.

Revenue agents specialize in tax-related accounting work for the U.S. Internal Revenue Service (IRS) and for equivalent agencies at the State and local government levels. Like tax examiners, they audit returns for accuracy. However, revenue agents handle complicated income, sales, and excise tax returns of businesses and large corporations. As a result, their work differs in a number of ways from that of tax examiners.

Entry-level revenue agents at the Federal level usually audit tax returns of small businesses whose market specializations are similar. As they develop expertise in an industry, such as construction, retail sales, or finance, insurance, and real estate, revenue agents work with tax returns of larger corporations.

Many experienced revenue agents specialize; for example, they may focus exclusively on multinational businesses. But all revenue agents working for the Federal Government must keep abreast of the lengthy, complex, and frequently changing tax code. Computer technology has simplified the research process, allowing revenue agents Internet access to relevant legal bulletins, IRS notices, and tax-related court decisions.

At the State level, revenue agents have duties similar to those of their counterparts in the Federal Government. State revenue agents use revenue adjustment reports forwarded by the IRS to determine whether adjustments made by Federal revenue agents affect a



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taxpayer's taxable income in the eyes of the States. In addition, State agents consider the sales and income taxes for their own States.

At the local level, revenue agents have varying titles and duties, but they still perform field audits or office audits of financial records for business firms. In some cases, local revenue agents also examine financial records of individuals. These local agents, like their State counterparts, rely on the information contained in Federal tax returns. However, local agents also must be knowledgeable enough to apply local tax laws regarding income, utility fees, or school taxes.

Collectors, also called revenue officers in the IRS, deal with delinquent accounts. The process of collecting a delinquent account starts with the revenue agent or tax examiner sending a report to the taxpayer. If the taxpayer makes no effort to resolve the delinquent account, the case is assigned to a collector. When a collector takes a case, he or she first sends the taxpayer a notice. The collector then works with the taxpayer on how to settle the debt.

In cases in which taxpayers fail to file a tax return, Federal collectors may request that the IRS prepare the return on a taxpayer's behalf. In other instances, collectors are responsible for verifying claims that delinquent taxpayers cannot pay their taxes. They investigate these claims by researching court information for the status of liens, mortgages, or financial statements; locating assets through third parties, such as neighbors or local departments of motor vehicles; and requesting legal summonses for other records. Ultimately, collectors must decide whether the IRS should take a lien, or a claim on an asset—such as a bank account, real estate, or an automobile—to settle a debt. Collectors also have the discretion to garnish wages—that is, take a portion of earned wages—to collect owed taxes.

A big part of a collector's job at the Federal level is imposing and following up on delinquent taxpayers' payment deadlines. For each case file, collectors also must maintain records including contacts, telephone numbers, and actions taken.

Like tax examiners and revenue agents, collectors use computers to maintain files. Computer technology also gives collectors data access to help them identify high-risk debtors—those who are unlikely to pay or are likely to flee.

Collectors at the IRS usually work independently. However, they call on experts when tax examiners or revenue agents find fraudulent returns, or when a property seizure will involve complex legal steps.

At the State level, collectors decide whether to take action on the basis of their own States' tax returns. Collection work may be handled over the telephone or be turned over to a collector who specializes in obtaining settlements. These collectors contact people directly and have authority to issue subpoenas and request seizures of property. At the local levels, collectors have less power than do their State and Federal counterparts. Although they can start the processes leading to seizure of property and garnishment of wages, they must go through the local court system.

### **Working Conditions**

Tax examiners, collectors, and revenue agents generally work a 40-hour week, although some overtime might be needed during the tax season. State and local tax examiners, who also may review sales, gasoline, and cigarette taxes, may have a steadier workload year-round. Stress can result from the need to work under a deadline in checking returns and evaluating taxpayer claims. Collectors also must face the unpleasant task of confronting delinquent taxpayers.

Tax examiners, collectors, and revenue agents work in clean, well-lighted offices, either in cubicles or at desks. Sometimes travel is necessary. Revenue agents at both the Federal and State levels

spend a significant portion of their time in the offices of private firms accessing tax-related records. Some agents may be permanently stationed in the offices of large corporations with complicated tax structures. Agents at the local level usually work in city halls or municipal buildings. Collectors travel to local courthouses; county and municipal seats of government; businesses; and taxpayers' homes to look up records, search for assets, and settle delinquent accounts.

### **Employment**

In 2002, tax examiners, revenue agents, and collectors held about 75,000 jobs at all levels of government. About half worked for the Federal Government, one-third for State governments, and the remainder in local governments. Among those employed by the IRS, tax examiners and revenue agents predominate because of the need to examine or audit tax returns. Collectors make up a smaller proportion, because most disputed tax liabilities do not require enforced collection.

### **Training, Other Qualifications, and Advancement**

Tax examiners, collectors, and revenue agents work with confidential financial and personal information; therefore, trustworthiness is crucial for maintaining the confidentiality of individuals and businesses. Applicants for Federal Government jobs must submit to a background investigation.

A degree in accounting is becoming the standard source of training for tax examiners, collectors, and revenue agents. A bachelor's degree generally is required for employment with the Federal Government. In State and local governments, prospective workers may be able to enter the occupation with an associate degree in accounting, or a combination of related tax and accounting work experience with some college-level business classes. For more advanced entry-level positions, applicants must have a bachelor's degree; demonstrate specialized experience working with tax records, tax laws and regulations, documents, financial accounts, or similar records; or have some combination of postsecondary education and specialized experience.

Tax examiners must be able to understand fundamental tax regulations and procedures, pay attention to detail, and cope well with deadlines. After they are hired, tax examiners receive some formal training. Additionally, annual employer-provided updates keep tax examiners current with changes in procedures or regulations.

Revenue agents need strong analytical, organizational, and time management skills. They also must be able to work independently because they spend so much time away from their home office, and must keep current with changes in the tax code and laws. Newly hired revenue agents expand their accounting knowledge and remain up to date by consulting auditing manuals and other sources for detailed information about individual industries. Additionally, employers continually offer training in new auditing techniques and tax-related issues and court decisions.

Collectors need good interpersonal and communication skills because they deal directly with the public and because their reports are scrutinized when the IRS must legally justify attempts to seize assets. They also must be able to act independently and to exercise good judgment in deciding when and how to collect a debt. Applicants for collector jobs need experience demonstrating knowledge and understanding of business and financial practices, or knowledge of credit operations and practices related to the collection of delinquent accounts.

Entry-level collectors receive formal and on-the-job training under an instructor's guidance before working independently. Col-

lectors usually complete initial training by the end of their second year of service but may receive advanced technical instruction as they gain seniority and take on more difficult cases. Also, collectors are encouraged to continue their professional education by attending meetings to exchange information about how changes in tax laws affect collection methods.

Advancement potential within Federal, State, and local agencies varies for tax examiners, revenue agents, and collectors. For related jobs outside government, experienced workers can take a licensing exam administered by the Federal Government to become enrolled agents—nongovernment tax professionals authorized to represent taxpayers before the IRS.

As revenue agents gain experience, they may specialize in an industry, work with larger corporations, and cover increasingly complex tax returns. Some revenue agents also specialize in assisting in criminal investigations, auditing the books of known or suspected criminals such as drug dealers or money launderers; some agents work with grand juries to help secure indictments. Others become international agents, assessing taxes on companies with subsidiaries abroad.

Collectors who demonstrate leadership skills and a thorough knowledge of collection activities may advance to supervisory or managerial collector positions, in which they oversee the activities of other collectors. It is only these higher supervisors and managers who may authorize the more serious actions against individuals and businesses. The more complex collection attempts, which usually are directed at larger businesses, are reserved for collectors at these higher levels.

### **Job Outlook**

Employment of tax examiners, collectors, and revenue agents is projected to grow more slowly than average during the 2002-12 projection period. Job openings will stem primarily from the need to replace those workers who retire or leave the occupation for other reasons. Because of the relatively small number of openings, jobseekers can expect to face competition.

The number of tax returns filed will continue to increase as the labor force grows. Dampening this effect, however, is a decrease in the proportion of tax returns selected for audit and collection. Because much of the work done by tax examiners and revenue agents is now computerized, productivity has increased, limiting the need for more tax examiners, collectors, and revenue agents. Many State and local governments, as well as the Federal Government, may increasingly contract out their tax collection functions to private sector collection agencies in order to reduce costs.

Employment at the State and local levels may fluctuate with the overall state of the economy. When the economy is contracting, State and local governments are likely to freeze hiring and lay off workers in response to budgetary constraints. Employment growth is more likely to occur in Southern and Western States that are experiencing large population increases. Opportunities at the Federal level could arise from the relaxing of budget constraints imposed on the IRS, the primary employer of these workers.

### **Earnings**

In 2002, median annual earnings for all tax examiners, collectors, and revenue agents was \$42,250. The middle 50 percent earned between \$31,250 and \$59,670. The bottom 10 percent earned less than \$23,950, and the top 10 percent earned more than \$74,600.

However, median earnings vary considerably depending on the level of government. At the Federal level, 2002 median annual earnings for tax examiners, collectors, and revenue agents were \$50,820; at the State level, they were \$41,000; and at the local level,

they were \$28,710. Earnings also vary by occupational specialty. For example, in the Federal Government in 2003, tax examiners earned an average of \$34,002, revenue agents earned \$75,816, and tax specialists earned \$53,083.

### **Related Occupations**

Tax examiners, collectors, and revenue agents analyze and interpret financial data. Occupations with similar responsibilities include accountants and auditors, budget analysts, cost estimators, financial analysts and personal financial advisors, financial managers, and loan counselors and officers.

### **Sources of Additional Information**

Information on obtaining a position as a tax examiner, collector, or revenue agent with the Federal Government is available from the U.S. Office of Personnel Management (OPM) through a telephone-based system. Consult your telephone directory under U.S. Government for a local number or call (703) 724-1850; Federal Relay Service: (800) 877-8339. The first number is not tollfree, and charges may result. Information also is available from the OPM Internet site: <http://www.usajobs.opm.gov>.

State or local government personnel offices can provide information about tax examiner, collector, or revenue agent jobs at those levels of government.