

Position Classification Standard for Alcohol, Tobacco and Firearms Inspection Series, GS-1854

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SERIES DEFINITION

This series includes positions concerned with work involving the qualification and inspection of establishments engaged in the production or use of alcohol or tobacco products; the assurance of full collection of revenue on alcohol and tobacco products; the development and interpretation of regulations applicable to such establishments; and the development, analysis, and improvement of programs, procedures, and techniques for regulating establishments involved in producing and using alcohol and tobacco products. Positions in this series require specialized knowledge of the construction, equipment, and operations of facilities in the alcohol, tobacco, firearms, and related industries together with the laws and regulations that control them, (b) inspections or examining techniques applicable to these industries, and (c) audit methods. This standard cancels and supersedes the introduction and parts I, II and III of the standard for this series that were issued respectively in July 1965, June 1958, and February 1959. The part IV, issued in July 1965, remains in effect as part II of this standard.

EXCLUSIONS

1. Administering, coordinating, supervising, or performing work primarily involving investigations of alleged or suspected criminal offenses against the United States. Such positions are classified in the [Criminal Investigating Series, GS-1811](#).
2. Performing primarily physical security and observation assignments at a distilled spirits establishment, such as: locking distilled spirits plant warehouses, locking and sealing pipelines, valves, conveyances, etc., and otherwise preventing unauthorized access to, or removal of, spirits on which the final tax liability has not been established; performing on-site observation of some segments of operations at distilled spirits plants to insure compliance with applicable laws and regulations; checking the readings of gauges that the law and regulations require or allow the proprietor to make; approving transaction forms such as shipping forms by checking package count and signing. Such positions are classified in the Alcohol Tax Technician Series, GS-1855.

OCCUPATIONAL INFORMATION

Federal laws and regulations impose certain taxes relating to distilled spirits, wine, beer, tobacco and related products, and firearms. Under these laws, the agency regulates the Production, storage, processing, packaging, labeling, importation, exportation, distribution, and advertising of distilled spirits, wine, and beer, and (b) the commerce in firearms and ammunition. It also regulates the use of distilled spirits and related products for industrial, scientific, and medical purposes, and the production, importation, and exportation of tobacco products. Inspectors of the Alcohol, Tobacco and Firearms Division perform the front-line compliance inspection work that forms the basis for administration of these laws and regulations.

The inspection program primarily involves examinations of regulated establishments to assure that operations are conducted in accordance with laws and regulations, that tax liabilities are correctly established and satisfied, and that other industry members and the consumer are protected from unfair competition and unlawful practices, including deceptive labeling and advertising. Most examinations involve an on-site inspection. Some may also entail contacts with financial institutions, parent and subsidiary corporations, suppliers and sales outlets, other Government agencies, or other sources.

An inspection may be an inquiry with regard to a specific matter, condition, problem, or person (e.g., an investigation of an owner's claim for refund of tax, or investigation of an owner's application to use new or unusual methods of operation). Or, an inspection may be a broader inquiry which delves into all or several phases of the operations of an establishment to ascertain whether there are real or potential problems, discrepancies, or violations, e.g., whether a particular firm is operating in conformity with Federal laws and regulations. The latter inspections are us signed on a selected basis, taking into consideration factors such as the owner's history of compliance, his reputation for accurate records and reliable internal controls, and the potential tax liability involved.

During the course of these inspections, the inspector generally (1) examines premises, buildings, and equipment, observes and analyzes work activities and operations, (3) audits and analyzes records and reports, (4) evaluates the owner's procedures and the reliability of the internal controls within the plant, (5) interviews management officials and other personnel, and (6) prepares an inspection report outlining his findings, conclusions, and recommendations.

In addition to inspections of regulated establishments, inspectors also inspect the finances, personnel, organizational structure, and proposed operations of applicants who request permission to engage in regulated activities. During the course of these inspections, the inspector (1) ascertains the sources of the applicant's funds, (2) probes into the applicant's background and character, (3) reviews public records to ascertain whether the applicant has a criminal record, (4) determines whether the applicant's premises and equipment (if any), and proposed operations, comply with applicable laws and regulations, and (5) ascertains whether the proposed operations would violate State laws.

TITLES

The title of positions included in this occupation is Alcohol, Tobacco, and Firearms Inspector. For supervisory positions, add the prefix "supervisory" to the basic title. Supervisory positions are classified by reference to the [General Schedule Supervisory Guide](#).

CLASSIFICATION CRITERIA

The classification criteria used in this standard are described in terms of (a) Assignment Characteristics and (b) Level of Responsibility.

Assignment characteristics

This factor reflects the scope and difficulty of inspection assignments. Work assignments range from single, elementary tasks performed for training purposes to full responsibility for inspection of highly complex establishments involved in production of diversified alcohol and tobacco products.

Level of responsibility

This factor reflects the degree of supervision received, the nature and complexity of decisions and recommendations made by inspectors, and the type and impact of personal contacts that inspectors have with others. With respect to these elements, positions in this occupation range from training assignments performed under close, step-by-step supervision, to assignments at full working levels that involve independent work, including authority to reach significant decisions on the adequacy of an establishment's overall compliance with the regulations pertaining to alcohol and tobacco Products production or use, commerce in firearms and ammunition, and on the security of the tax revenue.

KNOWLEDGE, SKILLS, AND ABILITIES REQUIRED

The knowledge, skills, and abilities required are not created separately in the grade-level descriptions, since they are reflected in the discussion of other classification factors. Work in this occupation requires:

- knowledge of Federal laws and regulations governing the production and use of alcohol and tobacco and products derived from alcohol;
- thorough understanding of the steps in production of alcohol and tobacco products, from receipt of the raw materials to shipping and use of the finished products;
- knowledge of Federal laws and regulations relating to-commerce in firearms and ammunition;
- skill in reports preparation, oral and written communication, cooperative and persuasive dealings with a wide variety of people, and alertness to recognize discrepancies or irregularities in records, reports, or operations at establishments being inspected;
- ability to audit business accounts of large firms and to persevere in examining records in great detail;

- ability to analyze data, weigh alternatives, and reach decisions that involve interpreting facts in light of regulatory requirements.

WORKING CONDITIONS RELATING TO EMPLOYMENT

Inspectors often work under very undesirable conditions. Temperatures in various parts of an establishment may vary from near freezing to very warm and humid, and inspectors sometimes need to pass from one of these locations to the other several times in a day. They are also frequently involved with industrial operations with the associated dangers of live steam, high-speed machinery, bursting bottles, tanks and equipment extending several stories high and accessible only by ladders and catwalks, and explosive vapors and chemicals. Inspection work often takes them into areas of high incidence of crime. These kinds of conditions have been considered in the overall evaluation of the occupation.

NOTES TO USERS

1. The standard includes description of grade levels GS-5 through GS-11. The range of grades described, however, is not intended to be all-inclusive. If the work assignments and responsibilities of a position are clearly and significantly less or more demanding than the assignments and responsibilities of the grade levels described, the position may be classified at a lower or higher grade level than is covered in this standard.
2. There may be a small proportion of inspector positions that warrant classification above the GS-11 level. Such nonsupervisory positions would be highly individualized, so that the establishment of specific criteria to evaluate them is not practicable. However, such positions would be evaluated by comparison with the grade-level criteria in this standard and in related inspection and investigatory standards.
3. Positions that involve program development, administration, and staff analysis work relating to the alcohol tax program are not specifically covered by this standard. Such positions should be evaluated by comparison with this standard and with other applicable standards.
4. Some positions in this occupation normally involve some types of investigative duties and responsibilities directly related to the assignments performed by inspectors. In those positions where they are found, these investigative duties are an integral part of the inspector's assignments and normally call for the specific subject-matter knowledge applied by inspectors. The grade-level criteria in this standard cover these investigative duties.

ALCOHOL, TOBACCO AND FIREARMS INSPECTOR GS-1854-5

Assignment characteristics

This is a training level that involves learning the applicable laws and regulations; the technology of producing, processing, and distributing distilled spirits, wine, beer and tobacco products; and inspection philosophy, techniques, and policies.

Level of responsibility

Inspection assignments are selected and controlled to make the trainee familiar with all types of inspection work. During his on-the-job training with an inspector stationed at a distilled spirits plant, the GS-5 inspector first observes and is instructed in the various plant operations and continuing inspection duties performed by the inspector. Later, he actually performs these inspections under close supervision. While assigned to inspectors who are inspecting a variety of establishments, the trainee again first observes the various plant operations and inspection techniques and processes, then actually performs some of the simpler inspection tasks or segments of inspections, under close and continual supervision. For example, the GS-5 inspector trainee, under detailed supervisory control, may review the controls in a small hospital on the dispensing of tax-free alcohol; inspect a small winery producing very few types of wine; inspect the storage operation of a distilled spirits plant which has no packaging or exporting operations; examine the records kept by a wholesale liquor dealer; or assist in taking inventory of controlled stock at a distilled spirits plant.

ALCOHOL, TOBACCO AND FIREARMS INSPECTOR GS-1854-7

Assignment characteristics

On a developmental assignment basis, the GS-7 advanced trainee conducts inspections in the alcohol, tobacco and fire-arms establishments where assignments are selected primarily for their value in preparing the employee for work that is typical of a higher level. Normally, a higher level inspector accompanies the GS-7 trainee on the first, and perhaps, second, exposure to each different type of inspection. Thereafter, the GS-7 trainee is expected to perform the simpler inspections independently. GS-5 trainees, by comparison, are not expected to perform inspections independently, even though they may be involved in some of the same types of inspections as GS-7 trainees. Assignments that a GS-7 inspector is expected to be able to perform independently include relatively uncomplicated inspections of users of tax-free alcohol and specially denatured alcohol and wholesale dealers in liquor and beer. These assignments require knowledge of such basic techniques as gauging spirits in a variety of containers, taking temperature variations into account; verifying conformity of man factoring processes with approved formulas for products made with specially denatured alcohol; inspecting a wholesaler

for proper operating permit, payment of tax, maintenance of required records, and proper labeling of bottles in inventory; and similar inspection tasks. The GS-7 inspector makes judgments on such points as whether a discrepancy between record and physical inventory should be investigated further or whether adequate records are being maintained.

As the GS-7 inspector's knowledge grows, and as he demonstrates ability to perform satisfactorily, he is assigned to progressively more difficult inspections, such as relatively uncomplicated distilled spirits plants, breweries, wineries, and tobacco products factories, and investigation of claims for exemption from tax, or refund or credit of tax. He does not normally perform these inspections independently, although he may complete parts of the inspection without direct supervision.

When assigned for a period of time to a distilled spirits plant, the GS-7 trainee inspector may independently perform, on a developmental basis, relatively uncomplicated continuing inspections. For example, he might be assigned a continuing inspection to determine whether the owner is complying with regulations relating to taking, accounting for, and disposing of samples of distilled spirits. He must check to assure that samplers are working, that the owner's record of number of samples taken agrees with the count of the sampler, that the laboratory records show they received all of the samples, etc. He must use his judgment as to when discrepancies are explainable or should be traced further, that records have not been tampered with, that the laboratory is actually using the samples, etc. At the GS-5 level, the trainee is not expected to make such independent judgments.

Level of responsibility

The supervisor and the inspector discuss the nature or peculiarities of the establishments that the GS-7 trainee inspector will be inspecting before he begins. The determination by the GS-7 trainee inspector that an owner is operating in compliance with laws and regulations is, in effect, final unless his report is deficient in some respect. Where he finds noncompliance, his report is reviewed in detail to determine the adequacy and accuracy of his recommendations. GS-5 trainees, by comparison, are not responsible for making such determinations by way of final inspection reports.

Person-to-person contacts at the GS-7 level are with owners and employees of the establishments for purposes mainly of requesting information about the establishment's procedures and records and providing information as to regulatory requirements. A GS-5 trainee, by comparison, is not responsible for these independent contacts.

ALCOHOL, TOBACCO AND FIREARMS INSPECTOR GS-1854-9

Assignment characteristics

Assignments at the GS-9 level typically are regularly scheduled- periodic inspections that involve straightforward application of guidelines, accounting records that are clear, transactions that can be traced readily, and establishments that are of average size and utilize equipment and techniques that are in general use throughout the particular industry involved. Establishments inspected at this level generally have a record of cooperation and compliance with Federal requirements.

The GS-9 inspector typically inspects a wide variety of establishments, such as the following:

- distilled spirits plants that engage in a single operation of the production process, such as storage or bottling
- low-volume wineries producing one or a few types of wines;
- small breweries distributing their products in a local area;
- small tobacco products factories where many operations are performed by hand;
- establishments using tax-free alcohol or specially denatured alcohol;
- wholesale liquor and beer dealerships;
- plants where specially denatured alcohol products are reprocessed or rebottled;
- tobacco export warehouses;
- cigarette paper and tube factories;
- tax-paid wine-bottling houses;
- firms or individuals licensed to manufacture, import, buy, sell, or collect firearms and ammunition.

The GS-9 inspector may also be assigned to distilled spirits plants to perform continuing inspections.

Each type of inspection requires different types of knowledge of the establishments, operations, and records as well as the particular regulations covering each operation. At the GS-7 level, the inspector is assigned primarily to independent inspections of a few of the simpler establishments

related to production of alcohol or tobacco products or to a small segment of a distilled spirits operation; the GS-9 inspector typically inspects a wide variety of establishments dealing with the production and use of alcohol and tobacco products and commerce relating to firearms.

Another type of inspection typical of the GS-9 level is a close-out inspection. For example, a small manufacturer of perfumes who uses specially denatured alcohol in his products serves notice that he is going out of business and asks for assistance in closing out his activities. In this type of close-out inspection, the GS-9 employee assists the owner in filing the necessary reports and surrendering his permit, supervises the destruction or other disposition of unused specially denatured alcohol, and verifies that everything is in accordance with regulation.

GS-9 is also the first level at which claims investigation work is performed on a regular and recurring basis. For example, manufacturers may obtain a refund of a portion of the Internal Revenue tax they have paid on distilled spirits when the spirits are used in the manufacture of specific types of non-beverage products, such as lemon and vanilla extract. After the manufacturer has filed a claim for drawback, the inspector must verify the accuracy of the claim by inspecting the records, manufacturing processes, and physical premises of the plant to insure that all of the alcohol claimed on the drawback request was actually used in the manufacture of non-beverage products. He must see that the product formulas are being conformed with, that the accounts are accurate and up to date, and that the residue that is left after production of a product is disposed of legally. Claims assigned to GS-9 inspectors typically involve moderate sums of money and manufacturing operations that produce a small number of products.

Level of responsibility

The GS-9 inspector receives initial assignments and instructions from his supervisor, then performs inspection work independently. He is expected to carry out field inspections geographically far from supervision, without assistance except in unique instances or when the inspection develops issues that are typical of higher level work. The supervisor then provides assistance by telephone or in person. Reports prepared and submitted by the GS-9 inspector at the close of an inspection are the primary source of supervisory review. By comparison, the GS-7 inspector typically has a supervisor readily available, and his work may be closely reviewed while in progress. At the GS-9 level, the inspector's personal contacts are for purposes of seeking information about the operations of an establishment or providing information with regard to regulations and modifications that could or must be made. The contacts include owners of establishments, and plant employees -- both production workers and accounting and other office personnel. A considerable degree of originality and tact is necessary in dealing with owners in order to induce them to take necessary or desirable actions that may be costly without incurring their antagonism.

The decisions and recommendations of the GS-9 inspector are usually accepted without involvement in the inspection by the supervisor. In effect, the GS-9 inspector determines actions that an owner must take, if any, to bring his operations into line with regulations. The supervisor would be likely to become involved in situations only where the owner is uncooperative, or there are deficiencies in the inspector's report, or a decision must clearly be made at a higher level. At

the GS-7 level, inspection assignments typically involve situations of clearly discernible compliance or noncompliance with regulations.

ALCOHOL, TOBACCO AND FIREARMS INSPECTOR GS-1854-11

Assignment characteristics

Inspectors at grade GS-11 perform inspections of complex alcohol, tobacco products and firearms establishments requiring greater judgment and resourcefulness than those assigned to GS-9 inspectors. The establishments inspected are typically much larger in size, number of operations, volume of production, and impact on markets and Federal tax revenue than those inspected at the GS-9 level. Such establishments may have highly sophisticated or unconventional equipment and record keeping systems that require the inspector to use greater knowledge and resourcefulness than at grade GS-9, or the inspections at this level may involve, on a regular, recurring basis, unusual complicating circumstances that require more seasoned judgment to resolve.

The GS-11 inspector typically inspects a variety of large establishments such as the following:

- distilled spirits plants that engage in a number of operations, i.e., production, storage, rectification, and bottling;
- breweries that distribute their products in several States;
- highly mechanized tobacco products factories where production accounting is complicated by volume of production, and removal accounting is complicated by the variety of sales outlets;
- establishments using tax-free or specially denatured alcohol in a variety of complex manufacturing processes or in a variety of products that are made according to intricate formulas.

Typically, assignments at this level are characterized by:

- inspections that are complicated by such elements as size of plants, number of operations or processes carried on, etc., or where there are difficult problems of fact finding, e.g., reconstructing complex transactions, and added responsibility for the accuracy and comprehensiveness of the work. GS-11 inspectors are assigned to scheduled inspections, but, in addition, are often given assignments in response to a particular problem, or urgent need for completion; whereas, inspections assigned at the GS-9 level are normally scheduled periodic inspections that do not typically involve complications such as these.

- inspection of establishments that are known to have a history of uncooperativeness with the agency or resistance to compliance with regulations;
- examination of accounting records that involve key transactions that are difficult to trace because the accounting systems are unconventional or unique or because of significant problems in information retrieval. At the GS-9 level, by comparison, accounting records are more readily traced, understood, and interpreted.

In addition to the inspection duties mentioned above, GS-11 alcohol, tobacco and firearms inspectors may also perform a variety of investigative type duties, such as the following:

- investigation of errors in owner's determination of tax liability, reporting of operations, or large claims, such as, for drawback on non-beverage products. These investigations involve larger sums of money, e.g., potentially large losses of revenue, and more complicated operations, technology, and product formulas than at the GS-9 level. Complexity may result from the large number of operations, extent of mechanization, variety of products, etc.;
- investigation to prove willful violation of law by a proprietor or employee, which is carried out with little benefit of guidelines. For example, the willful violation by a single distillery employee diverting spirits into illegal channels, or a proprietor of a winery willfully violating the consumer protection provisions of the Federal Alcohol Administration Act by fraudulently labeling or under filling wine bottles;
- examination of applications and investigation of individuals, partnerships, and corporations that apply for permits to begin or to change key operations involving alcohol or tobacco products. At the GS-11 level, such inquiries are complicated because of questions such as the legitimacy of the applicant's intent, the suitability of the location of the premises for the operations to be performed, or the sensitivity stemming from the position, reputation, or influence of the applicant in the community. For example, in checking the source of funds to be invested in a new bonded wine cellar (to insure that funds are not being provided indirectly by criminal elements), the inspector encounters a situation where the applicant claims a relative had loaned him the money. The inspector would have to devise inspection techniques to verify that the relative's funds were derived from legitimate sources, recognizing the fact that the relative is not obligated to furnish information about his business affairs. Circumstances in connection with investigative work performed at the GS-11 level vary considerably from one investigation to another, depending upon the types of operations involved and the background and business associations of the applicants. Investigations at this level typically involve difficulty in resolving conflicts in facts and require skill in establishing the interrelationship of facts, such as when the inspector uncovers operating practices or accounting records that appear legitimate but mask unauthorized transactions, or when applicants for permits who have clear records or prominence in a community actually serve as a front for persons who are ineligible for permits. Typically, several separate questions may flow from an initial inquiry, requiring the inspector to follow several approaches to obtain pertinent information. Thus, the inspector must judge how best to

approach the investigative assignment, assisted only by general guidelines. He determines whom to interview, how to seek information without jeopardizing the reputation of the applicants, how to verify information and evaluate the reliability of the sources, and when enough information has been gathered to make a reliable judgment.

Level of responsibility

The inspector at the GS-11 level receives assignments from the area supervisor, and then carries out independently all inspections assigned. The supervisor provides technical supervision only in very unique circumstances.

The GS-11 inspector makes many independent decisions while performing inspections, and the majority of his determinations are final. For example, his decision that a firm accounting systems are not in conformity with regulatory requirements is seldom questioned, even though it may cost the owner considerable time and money to make needed modifications. The inspector himself negotiates with the firms to get compliance with the regulations as he interprets them. The inspector's recommendations to his supervisors, involving changes in production processes, storage and shipment facilities, recordkeeping functions, or other matters with substantial impact on the firms inspected and on tax revenues of considerable scope, are accepted without intensive review, and in many instances, without any review. Both GS-9 and GS-11 inspectors must be adept in the area of public contacts, but the expectation of uncooperative attitudes of managers, the crucial and urgent issues, and records of transactions that are difficult to trace, make the contacts at the GS-11 level more sensitive and the resulting impact of the contacts greater than at the GS-9 level. Originality and tact are necessary at the GS-11 level in dealing with owners in order to negotiate successfully with them. Contacts at this level require an added measure of ingenuity, resourcefulness, persuasive ability, negotiating skill, and critical judgment in order to assure confidence in the objectivity of the inspector and to induce owners and managers to comply with regulations.

Investigations involving fraud require alertness, ingenuity, and keen analytical ability in order to obtain facts about transactions that key people in the organization under review may wish to keep hidden. The GS-11 inspector must also exercise seasoned judgment to analyze the information gathered in the course of inspections to screen out unimportant data and information, and to provide only concise, pertinent information in the final report.

PART II

ALCOHOL AND TOBACCO TAX SPECIALIST (TECHNICAL SERVICES)

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This section of the standard covers positions which are concerned with the substantive examination of permit applications, operating reports, tax returns, claims, offers-in-compromise, and related documents to ensure that the information included is accurate and submitted in accordance with regulations; and to ensure that any irregularity which may be suggested by information received will be observed and investigated as appropriate. These documents include a variety of papers related to the background and business status of persons applying for permission to conduct business operations; voluminous periodic reports of transactions; reports of inspection or investigation; and miscellaneous items of correspondence from representatives of industry or from within the Service.

BACKGROUND INFORMATION

Many of the positions described in this section of the standard were initially classified to the tax Accounting Series, GS-592 because a good knowledge of the Internal Revenue Code is one of the qualifications required for performance of the work. Others of these positions were classified to the Legal Instruments Examining Series, GS-963 based on the requirement for examining ability that is also essential. This qualifications mixture led to the classification of still others of these positions to the General Clerical and Administrative Series, GS-301. Because of this lack of consistency in classification particular attention was focused on the problem of series determination during the study that resulted in this section of the standard.

The substantive examination of returns, operating reports and related documents that is characteristic of these positions includes responsibility for detecting such matters as operating practices that violate regulations; possible diversion of spirits for illegal purposes; activities that indicate illicit production or other conditions that could jeopardize the revenue. Such work requires a balanced combination of qualifications including: (a) an understanding of the processes, practices and terminology of the alcohol and tobacco industries; (b) a knowledge of the Federal regulations controlling those industries; and (c) skill in the application of examining techniques.

The Alcohol and Tobacco Tax Inspection Series, GS-1854 requires the combination of knowledges and abilities.

OCCUPATIONAL INFORMATION

Applications, reports, returns and claims are received from distilled spirits plants; breweries; bonded wine cellars; manufactures of tobacco products, cigarette papers and tubes; dealers in tobacco materials; tobacco export warehouse; users of specially denatured alcohol and rum; users of tax-free alcohol; reprocessors, rebottlers, repackagers of specially denatured alcohol articles; tax paid wine bottling houses; importers; wholesalers; manufactures of non-beverage products; vinegar factories using the vaporizing process; fruit-flavor concentrate plants; bottle manufactures; and manufactures of stills.

Applications

The tax specialist first determines whether those who request permits have basic eligibility under pertinent laws and regulations. Either through correspondence or personal interview he explains to those who are eligible how to prepare a formal application. He provides them with forms to be executed, e.g., bond, consent of surety, application for permit, personal questionnaire, registration, and the like.

Upon receipt of the formal application the tax specialist assures that it is complete, properly executed, and includes all the necessary supporting documents. Some of the latter are, for example: Charter, articles of incorporation, lists of officers, directors, stockholders, signatory authority, plats, plans, diagrams, formulae, description of premises, bond, consents of surety, trade name registrations, and statements of process.

The tax specialist conducts or requests background investigations of individual applicants, partners, corporation officials and principal stockholders to ensure that persons of doubtful reputation and character do not obtain permits through subterfuge. He determines whether information obtained by office investigation, e. g., correspondence concerning an applicant with such agencies as police forces, Chambers of Commerce, and U. S. District Courts, is adequate or whether a field investigation should be conducted.

Efforts to hide ownership frequently make identification of those who control stock in a corporation difficult to establish. For example, background information may show a stock transaction where the price paid seems unrealistically small. To the tax specialist such a sale indicates the possibility that the former stockholder remains in control although his name does not appear among the stockholders. In this case the tax specialist may discover, for example, that the "buyer" was a minor closely related to the former owner or some person otherwise under his legal control. Further investigation may disclose that the real owner is of doubtful reputation and in- eligible for permit.

The plats, plans and flow diagrams submitted by applicants show the location of the plant equipment and the manner in which materials and products move through the various production processes. The tax specialist studies this material to detect potential hazards to the revenue. He must be able to determine, for example, if the movement of untax paid spirits between buildings entails passage over areas not covered by the bond and therefore requires filing a consent of

surety on bond to protect the revenue. Another essential part of this review is to assure that the operations charted are identical in all respects to those described in the accompanying narrative.

The tax specialist must also decide whether the proposed operations are proper in terms of the requirements of the Federal Alcohol Administration Act and the Internal Revenue Code. This kind of review requires a knowledge of the ingredients used in the production of distilled spirits, the various steps in the production process, and the sequence of movement from the production area to points of bottling, storage and distribution. Such knowledge enables the tax specialist to determine the point at which a substance may jeopardize the revenue if diverted, and the points at which the physical aspects of the location or operation are vulnerable to theft.

The tax specialist must also consider any specialized needs of the applicants in order to avoid placing them in hardship situations. Illustratively, a hospital may be in urgent need of tax-free alcohol for which arrangements must be made on an emergency basis; or a large chemical company would be forced to curtail employment in the event that a permit to use specially denatured alcohol is denied or delayed.

During the course of his examination the tax Specialist often requests an appraisal or inspection of the premises. In reviewing the subsequent report of inspection the tax specialist must relate the significance of the inspection report to the determination which he, the specialist, must make. The report of inspection, for example, may suggest disapproval of the application because of a potential hazard to the revenue found in one part of the plant. It is the specialist's responsibility in such cases to explore the possibility of some adjustment in the structure, equipment, or plan of operation that would make it possible to approve the application. He must, accordingly, compose letters requesting clarification or additional information regarding the area of adjustment.

When the specialist is satisfied that issuing the permit is appropriate, he prepares the permit and supporting documents for the signature of the appropriate officials. If he decides that the permit should be withheld he prepares the notification of denial.

Reports, returns, and claims

The tax specialist audits periodic operating reports and tax returns submitted by the permittee to ensure that there are no arithmetical inaccuracies, that the bond coverage is adequate, and that activities reflected in the reports are in accordance with regulations and the provisions of the permit. He observes reports of operating losses and determines whether such losses are reasonable or whether they are excessive and warrant further investigation. He compares operating reports with tax returns, to determine whether total tax liability has been accurately represented in the return. The tax specialist notifies the permittee of any discrepancies he may find during the audit, and provides the necessary instructions for their correction; or, if circumstances require, he initiates a request for inspection.

The tax specialist selects items for verification on reports which are verified on a spot-check basis, and determines when a complete audit should be made on the basis of inaccuracies disclosed in the spot-check. He notes abnormal statistical patterns, makes an in-depth study of the suspect item, and determines whether a physical inspection should be requested.

If the audit discloses delinquency, the tax specialist determines the amount of tax liability, whether an assessment is appropriate, and whether penalties should apply to delinquent liability. In the course of making these determinations, the tax specialist requests any inspections he finds appropriate, and prepares the necessary reports and letters of notification concerning the final decision.

The effective audit of these statements requires a good knowledge of the operating characteristics peculiar to individual establishments and of the operating processes employed by various plants. The specialist must understand a specific operation and the method of execution in order to interpret reported information correctly. He must know, for example, that because of the process employed there is a legitimate reason for a report of higher operating losses on the part of a proprietor than might appear normal. This requires a familiarity with the circumstances under which loss of spirits-- through leakage, evaporation, or other causes--may be legitimate under the pertinent tax regulations relating to production processes.

In examining reports of shipment related to transactions, the tax specialist must know whether the reported usage of the product is consistent with the nature of the operations authorized for the plant and whether all distilled spirits produced and shipped are properly and completely accounted for. If statements show any indication of irregularities, the tax specialist initiates a request for inspection of the premises.

The tax specialist must understand the relationships among entries on various reports and returns and be able to interpret their significance. In making selective audits and examinations of reports and returns he must, through appraisal of the proprietors' past history, determine the reports most in need of audit and the extent of audit required. Where irregularities are suspected or detected he must determine the extent to which additional audit, including reference to related or supporting transaction forms or audit of prior returns, should be made and whether further clarification should be requested through correspondence or field investigation. He must also possess a good understanding of the production processes, terminology and formulae to determine the reasonableness of proprietors' requests for approval for deviations from reporting procedures prescribed by regulations.

When a permittee submits a claim the tax specialist decides whether the claim has been submitted in the proper form and at the appropriate time, and whether, on the basis of law and regulations, it should be allowed in whole or in part, or disallowed. He provides procedural instructions and an explanation of governing regulations to the claimant, as necessary; or, if circumstances indicate, initiates a request for inspection.

Complications in the examination of claims arise largely from the miscellaneous nature of problems, which do not follow a definite pattern. For example, the tax specialist must be familiar with the methods and formulae with which beverages are made, since tax liability can vary with the process and ingredients used and this, of course, bears on claims decisions. Where alleged shipment of material complicates the problem the tax specialist often has difficulty in obtaining acceptable evidence of shipment. When evidence is obtained the quantity shown as shipped may not match the quantity shown elsewhere as received.

Offers-in-compromise, assessments, and seizures

The tax specialist considers each offer-in-compromise to determine whether it may be accepted under existing laws and regulations; whether the Government's interest as to collection of tax would be jeopardized by the delay necessary for consideration of the offer; whether it is obviously a frivolous offer submitted as a delaying action; and whether it is necessary to investigate financial status of the proponent. He prepares an abstract and statement as the basis for acceptance or rejection.

The determination of liability is particularly complicated in cases involving seizures by enforcement officials. The tax specialist must review the report and extract and record all information that bears on tax liability. He must determine which of the individuals involved had a proprietary interest in the operation and which were merely being paid to operate the equipment. The specialist then computes the tax on the basis of the chemist's report of the alcoholic content of the material seized.

CLASSIFICATION FACTORS

The factors used to distinguish grades in this part of the standard are:

- (1) Nature and Variety of Work;
- (2) Level of Responsibility; and
- (3) Personal Contracts.

The elements within these factors are not mutually exclusive. Discussing each separately at each grade level is primarily an editorial device to simplify the grade-level presentations.

Nature and variety of work

This factor measures the difficulty the tax specialist encounters in (a) determining the most effective and efficient procedural method to employ; (b) obtaining required financial data and other factual information; and (c) making an appropriate decision, e.g., to approve or disapprove an application, or whether operating reports indicate irregularities and evidence of noncompliance.

There is normally a relationship between the complexity of the industry the assigned documents reflect and the difficulty encountered by the tax specialist. For example, data tend to be less difficult to obtain and understand when an industry is characterized by a routine number of production units a year and relatively simple production systems. Similarly, data are normally more difficult to obtain and understand when an industry is characterized by a widely varying number of heterogeneous production units a year, and complex corporate structures.

This relationship is not automatic, however. Many of the most complex industries invariably comply with the law, while some of the less complex are quite troublesome. For this reason complexity (A the industry alone is not the sole criterion for classification to, for example, the GS-9 level. The assignment must also include the other characteristics of difficulty, e.g.,

patterns of noncompliance, applicants with questionable business and personal histories, etc., before classification to that grade is warranted.

Control over this aspect of assignments is exercised by the supervisor. He recognizes, through his own experience, the names of applicants and permittees who fall within certain categories and assigns work according to the grade of the tax specialist.

Level of responsibility

This factor describes the supervision received and commitment authority. At all levels beyond the training stage tax specialists commit the Government on those reports and returns which they determine to be accurate since those are given no further review. Applications processed require a final letter of decision and these are reviewed, but more for tone and style than for technical accuracy. These applications are far too voluminous, e.g., they include plats, plans, charts, diagrams, inspection and investigation reports, to admit of detailed technical review. Therefore, even though the letter of decision is signed by someone other than the tax specialist, the decision of the tax specialist is normally accepted as final.

Personal contacts

At the trainee level personal contacts are mostly with super- visors and coworkers. At the GS-7 level discussions with applicants and permittees are normally conducted in the presence of a supervisor. At the GS-9 level, however, most contacts are conducted independently. Commitment elements are present in this factor because the tax specialist frequently commits the Government to a specific position during these independent interviews. He makes spot decisions concerning the proper interpretation and application of a regulation and the manner in which requirements must be met by the applicant or permittee.

Qualifications required

Knowledges are required of:

- a. Federal and State laws and regulations relating to corporate ownership, stock distribution, partnership, and legal title to premises and equipment;
- b. The Internal Revenue Code, Federal Alcohol Administration Act, regulations issued under these statutes, and the Internal Revenue Manual as they apply to the industry under consideration;
- c. The premises, processes, and terminology associated with the industries; and
- d. alcohol and tobacco tax inspection and investigation techniques.

Ability is required to:

- a. Communicate clearly and tactfully in conferences;
- b. Compose clear and logical correspondence;
- c. Understand operations well enough to interpret reported information correctly;
- d. Examine reports of criminal investigation related to the illicit production of, or traffic in, distilled spirits;
- e. Recognize indications of irregularities;
- f. Determine whether the reported usage of the product is consistent with the nature of the operations authorized for the plant; and
- g. Determine tax liability and the proper amount of assessment in cases where the indications of tax liability are unclear or conflicting.

Other:

- a. Tact;
- b. Courtesy; and
- c. Good judgment

NOTE TO USERS

Although this standard specifically describes only the GS-5, GS-7, and GS-9 grade levels, GS-6 and GS-8 should be used as appropriate. For example, positions otherwise similar to the GS-7 level except that they are limited to processing less than the full range of complex documents (e. g., they process only those from wineries or tobacco manufacturers) should be classified to GS-6. Similarly, positions that process documents comparable to those described at GS-9 but with less freedom of action (e. g., the supervisor is generally present during conferences with applicants or permittees) should be classified to GS-8.

Part II of the standard does not describe positions above the GS-9 level. No nonsupervisory positions above GS-9 exist in this line of work at the present time, and few, if any, are contemplated. Establishment of criteria for their evaluation, therefore, is considered impracticable.

This standard should not be used for the evaluation of any position that does not include the full range of duties and responsibilities described. For the most part, the substantive functions described in this standard have evolved from the clerical examination of documents. Thus, some positions may be primarily concerned with document examination. These positions should be evaluated against other standards, e. g., the Legal Instrument Examining Series, GS-0963, **but not against this standard.**

Alcohol and Tobacco Tax Specialist (Technical Services) GS-5

Nature and variety of work

The GS-5 tax specialist receives training assignments designed to provide familiarity with the laws, rules, regulations and operations of alcohol, tobacco, and related industries. He becomes familiar with documents submitted by all types of applicants or permittees, and learns to locate and interpret applicable regulations. He visits plants and premises to acquire a general familiarity with the layout, construction, equipment, and processes represented.

Level of responsibility

The GS-5 tax specialist receives very close supervision and review during each phase of the assignment; and receives both substantive and procedural instructions. This level carries no commitment authority.

Personal contacts

Communications and personal contacts are primarily for the purpose of acquiring information and instructions. These contacts are ordinarily with the supervisor, instructors, and office associates.

Alcohol and Tobacco Tax Specialist (Technical Services) GS-7

Nature and variety of work

Tax Specialists GS-7 examine documents emanating from substantially the full variety of sources described under the first paragraph of Occupational Information. Positions restricted to processing only one or two kinds of documents (e.g., those from wineries or tobacco manufacturers) are not classifiable to the GS-7 level.

The tax specialist who reviews applications and related documents such as plats, plans, and flow diagrams examines them to determine (1) whether the documents fulfill legal requirements; (2) whether proposed operations comply with regulations; and (3) the nature and extent of inquiry which must be made concerning the proprietors or the operation proposed. He composes correspondence requesting inspection of the premises and operation, background information concerning applicants, and clarification of ambiguous information. He explains procedures related to the submission of applications and interprets regulations which control the manufacture, processing, distribution, and use of alcohol and alcohol products. He assembles all material relevant to approval or disapproval of an application and composes a reply containing a decision for signature of the appropriate official.

The tax specialist who reviews periodic reports and returns examines them for accuracy, completeness, and timeliness of filing. He ensures that the movement of spirits is completely

accounted for by analyzing and comparing the various reports of transactions. This guards against loss of revenue and ensures that the transactions reflected in the proprietor's reports do not exceed the coverage of his bond. The tax specialist examines claims, evaluates their reasonableness, and computes the amount allowable as a refund or credit. He determines tax liability and assessment measures to be followed in connection with enforcement cases. He decides the basic acceptability of offers-in-compromise of civil and criminal liabilities. He composes any correspondence required to clarify or correct reports, to request inspections and to explain procedural and regulatory requirements.

Assignments characteristic of positions at the GS-7 level typically include problems such as a misunderstanding of reporting requirements; a failure to provide complete information; or a departure from the norm sufficient to require further inquiry: For example, a plant that has routinely reported an operating loss of 1500 gallons a month reports a loss of 2200gallons.

Documents assigned reflect operations characterized by: (a) a routine number of production units a year; (b) commodities in storage that tend to be the same kind and age; and (c) relatively simple production systems. E.g., one shift a day on a hand operated bottling line.

Level of responsibility

The GS-7 tax specialist receives general supervision during most of his assignments. The supervisor typically provides guidance with respect to the appropriate course of action only in situations not covered by regulations or precedent rulings.

Supervisory review of correspondence (which contains conclusions and commitments) is primarily for style and a general indication of adequacy. There is no detailed technical review of the work except in precedent-setting situations. Tax specialists at this level exercise final commitment authority with respect to items they accept as correct. On items where agreement with the applicant or permittee cannot be reached, the tax specialist compiles all the facts, makes a recommendation, and submits the case to a higher level for decision.

Personal contacts

In addition to work described at GS-5 for this factor, the GS-7 tax specialist participates with his supervisor in conferences with industry representatives where controversial problems are discussed. The supervisor has responsibility for conducting the conference, but the GS-7 employee is expected to provide pertinent information based on his familiarity with the facts in the case.

Alcohol and Tobacco Tax Specialist (Technical Services) GS-9

Nature and variety of work

The work of the GS-9 tax specialist differs from that of the GS-7 primarily in (a) the complexity of industrial operations reflected in the documents examined; (b) the performance of duties not assigned at lower levels, e.g., the development of new or revised regulations; and (c) the nature and scope of personal contact work which, because it is conducted independently, involves a greater degree of responsibility and commitment authority.

Tax specialists who examine applications receive those from applicants with questionable business and personal histories, diverse sources of funds, numerous corporate affiliates, or operations that indicate nonconformance with statutory and regulatory requirements. Assignments normally involve requests for approval of operations for which no specific regulations have been established. The tax specialist applies personal judgement based on an understanding of the spirit of the regulations and composes a reply to the applicant. The reply may grant or deny approval, or provide an explanation of the reasoning and instructions for proceeding in a manner satisfactory to the Service.

GS-9 tax specialists who examine returns and reports receive those from permittees with a reputation for suspect or inadequate reporting; and the most involved reports on enforcement cases. Problems typically include a pattern of noncompliance, willful negligence and attempted fraud which require extensive investigations and a comprehensive knowledge of laws, rules and regulations.

Documents examined by GS-9 tax specialists reflect operations characterized by (a) a widely varying number of production units a year; (b) commodities in storage of different age, kind, and intended use; and (c) a variety of production situations, e.g., highly mechanized systems, three shifts a day, and the like.

At this level the tax specialists recommendations frequently provide the basis for new regulatory, procedural, or informational issuances for the use of IRS employees or industry. Tax specialists at this level occasionally participate in the development of such issuances.

Level of responsibility

The GS-9 tax specialist processes documents independently, applying personal judgment to determine the appropriate course of action in situations for which directly applicable regulations have not been established.

The examination of formal applications for permit to begin, change, or terminate operations results in the assembly of a wide variety of official papers and the preparation of a formal recommendation for the action which the specialist finds appropriate. The supervisor reviews the work primarily for the purpose of ensuring that the total product appears generally adequate and that the style and tone of correspondence are appropriate. These recommendations are

important because, for example, an error could result in issuing a permit to a party of doubtful character, and this, in turn, would jeopardize collection of the revenue.

Statements approved as accurate are reviewed on an occasional spot-check basis. When he disapproves statements the tax specialist presents the results of his decision in the form of a letter for the signature of an official with an explanation of his interpretation of the regulations. Correspondence is normally accepted without major revision.

Independent commitment authority is characteristic of the GS-9 level. During telephone and personal discussions with applicants, permittees and their representatives, GS-9 tax specialists make on-the-spot decisions and recommendations concerning interpretations of laws and regulations, tax liabilities, and the like.

These discussions are important because the applicants and permittees act on the advice of the tax specialist. Faulty advice in an offer-in-compromise case may, for example, cause unwarranted delay and result in the loss of all or part of the revenue.

Personal contacts

GS-9 tax specialists have frequent independent telephone and personal contacts with applicants, permittees and their representatives. They chair conferences with these individuals in which they interpret regulations and provide guidance on procedural and substantive matters. The GS-9 tax specialist must be tactful, businesslike and constructive in his manner. He must express himself clearly and be able to adjust to situations rapidly, since callers often arrive unannounced. Since these contacts are often conducted independently, they bear commitment authority and are extremely important to the image of the Service.