



Tax examiners, revenue agents, and collectors

by Kevin M. McCarron

Taxes are one of the most certain aspects of life. And as long as governments collect taxes from their citizens, there will be jobs for tax examiners, revenue agents, and collectors. 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.

Only governments can legally impose taxes. As a result, tax examiners, revenue agents, and collectors work almost exclusively for government agencies at the Federal, State, and local levels. But job titles for workers whose duties are similar may not be the same at each level of government or even within the same government agency. For example, in some State governments, tax examiners are known as tax technicians; in the Federal Government, a tax examiner's alternate titles include tax examining clerk and tax assistant, particularly for entry-level jobs.

There are distinct differences among the job duties for tax examiners, revenue agents, and collectors. In this article, you'll learn about each of the occupations: the nature of the work, employment and job outlook, benefits and drawbacks, and qualifications, training, and advancement.

Nature of the work

Tax examiners, revenue agents, and collectors search out and verify financial information, uncover and correct accounting errors,

and keep detailed records. But the extent and complexity of job responsibilities for these workers depend on their experience and ability.

Tax examiners. The work of tax examiners is similar at the Federal, State, and local government levels. They review filed tax returns for accuracy and determine whether tax credits and deductions

Only governments can impose taxes, so workers in these occupations are employed primarily by Federal, State, and local governments.

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 sometimes report to the States any 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 includes verifying 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' duties are clerical, requiring the tax examiner to review tax returns and enter them into a

computer system for processing. If there is a problem, tax examiners may contact the taxpayer to resolve the problem.

Tax examiners also review returns for accuracy, checking taxpayers' arithmetic and making sure the amounts they report match those reported by other sources, such as employers and banks. In addition, 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 over- or under-payment 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 with more complex tax areas such as pensions or business net-operating losses.

Revenue agents. 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

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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, focusing exclusively on multinational businesses, for example. But all revenue agents working for the Federal Government must keep abreast of the lengthy, complex, and frequently changing tax code. Computer technology has made it easier for agents to conduct research and stay informed, 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 taxpayer's taxable income in the eyes of the States. In addition, State agents factor in the sales and income taxes for their own States.

At the local level, revenue agents have varying titles and duties, but the work often entails auditing financial records for business firms. In some cases, local revenue agents also examine financial records of individuals. These local agents, like their counterparts at the State level, rely on the information contained in Federal tax returns. But local agents also must be able to apply local tax laws regarding income or school taxes or utility fees.

Collectors. Collectors, also called revenue officers in the IRS, deal with delinquent accounts. The process of collecting on a taxpayer's delinquent account starts with a report from a revenue agent or tax examiner. 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 ask the IRS to prepare the return on a taxpayer's behalf. In other instances,

Tax examiners may work long hours between January and April, the busy income tax season.

these collectors are responsible for verifying claims that delinquent taxpayers cannot pay their taxes. Collectors investigate these claims by researching court information to find financial statements and the status of liens and mortgages; locating assets through third parties, such as neighbors or local Departments of Motor Vehicles; and requesting legal summonses. 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 in order to collect back 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 must also 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 personnel

with specialized experience when tax examiners or revenue agents find fraudulent returns or when a property seizure involves complex legal steps.

At the State level, collectors decide whether to take action on the basis of their own State's 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, in some States, request seizures of property.

At the local level, collectors have less power than their State and Federal counterparts. Although they can start the process leading to seizure of property and garnishment of wages, they must go through the local court system.

Employment and outlook

In 1998, tax examiners, revenue agents, and collectors held about 62,200 jobs at all levels of government. More than 4 in 10 worked for the Federal Government, primarily the IRS; 3 in 10 worked for State governments; and 1 in 4 worked for local governments. Among those in the IRS, tax examiners and revenue agents predominate because of the need to examine or audit all tax returns. Collectors make up a smaller proportion, since most disputed tax liabilities do not require enforced collection.

Employment is projected to grow more slowly than the average for all occupations between 1998 and 2008. Opportunities for tax examiners, revenue agents, and collectors at the Federal level will arise from the relaxing of budget constraints imposed on the IRS, the primary employer of people in these occupations. Also, labor force growth during the 1998-2008 decade will mean more taxpayers—and, therefore, more tax returns. Dampening these effects, however, is a decrease in the proportion of tax returns selected

for audit and collection. Also, much of the work done by IRS tax examiners and revenue agents is now computerized, resulting in increased productivity and smaller employment gains.

At the State and local levels, employment should remain steady, with openings stemming primarily from the need to replace those who retire or leave the job. States and municipalities usually try to avoid downsizing their revenue departments but also refrain from expanding their workforces. The adoption of new technology, which has begun in California, may affect hiring as job duties change.

Benefits and drawbacks

In 1998, median annual earnings for all tax examiners, revenue agents, and collectors were \$39,540. The middle 50 percent earned between \$27,730 and \$56,360. The

bottom 10 percent earned less than \$19,890, and the top 10 percent earned more than \$76,780.

However, median earnings vary considerably depending on the level of government. At the Federal level, 1998 median earnings for tax examiners, revenue agents, and collectors were \$55,994; at the State level, \$32,282; and at the local level, \$25,917. Earnings also vary by occupational specialty. For example, in the Federal Government in 1999, the U.S. Office of Personnel Management reported tax examiners earned an average of \$28,547, revenue agents earned \$61,702, and collectors earned \$54,215.

Tax examiners work indoors in offices. Although they usually work a standard 40-hour week, tax examiners may work additional hours from January through April, the busy income tax season. State

and local tax examiners, who also may review sales, gasoline, and cigarette taxes, may have a steadier workload year round. Stress may result from the need to work under deadline in checking returns and evaluating taxpayer claims.

Revenue agents at both the Federal and State levels spend most of their time indoors—but they usually work in offices of private firms so they have access to each firm's tax-related records. In fact, the IRS often permanently stations revenue agents to work in large corporations that have complicated tax structures. State revenue agents may be sent to corporations' headquarters in other States for lengthy periods of time; a few are permanently based out of State. Agents at the local level usually work either in city halls or in municipal buildings that house the taxing authority. However, they also



Original photo courtesy of Connie Kurtz

may be required to travel to jobsites. The need to work quickly and accurately may result in some stress because revenue agents are primarily responsible for determining the correct tax of large corporations.

Collectors have the most varied surroundings, working indoors much of the

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time but also traveling to courthouses, businesses, or people's homes to look up records, search for assets, and settle delinquent accounts. Stress for collectors stems from telling people that overdue taxes must be paid to avoid seizure of their assets. This is an unpleasant task, as collectors often face negative reactions from delinquent taxpayers.

Qualifications, training, and advancement

Tax examiner, revenue agent, and collector jobs vary by employer in terms of entry-level qualification and training requirements and advancement potential. The following information pertains largely to the Federal Government. Most of the information is also relevant for employment in State and local governments, but people interested in jobs outside the Federal Government should contact their State or local government personnel offices about specific job requirements and advancement possibilities.

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



Tax examiners must be able to understand fundamental tax regulations and procedures, pay attention to detail, and cope well with deadlines. Prospective tax examiners can enter the occupation with a high school diploma and a few months of general work experience, although a bachelor's degree is becoming the standard. For more advanced entry-level positions, applicants must have a bachelor's degree;

demonstrate some specialized experience working with tax records, tax laws and regulations, documents, financial accounts, or similar records; or have some combination of posthigh school education and specialized experience. After they are hired, tax examiners receive some formal training. Additionally, annual employer-provided updates keep tax examiners aware of changes in

procedures and 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. Revenue agents handle complex tax returns, so the usual minimum educational requirement for revenue agent positions is a bachelor's degree in accounting; 24 credits in accounting plus 6 credits in business law, economics, financial management, or statistics; or a Certified Public Accountant (CPA) certificate. Although difficult, it is also possible to qualify for entry-level revenue agent jobs with a combination of experience and education. 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 the reports they file are scrutinized when the IRS must legally justify attempts to seize assets. Collectors also must be able to act independently and to exercise good judgment when deciding how to collect a debt. Applicants for collector jobs need experience with business and financial practices or with credit operations and practices related to the collection of delinquent accounts. They may also qualify with a bachelor's degree or CPA certificate.

Entry-level collectors receive formal on-the-job training under an instructor's guidance before working independently. Collectors 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 about changes in tax laws that affect collection methods.

Advancement. Advancement potential within Federal, State, and local agencies varies for tax examiners, revenue agents,

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and collectors. For higher level jobs outside these governments, 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.

Within government, tax examiners' duties expand with experience and training to include reviewing more difficult tax returns and making more decisions independently. Formal education beyond high school is not required for advancement, but a bachelor's degree helps. College-level training in accounting opens the most possibilities, including moving into revenue agent positions.

As revenue agents gain experience, they specialize in an industry, work with larger corporations, and cover increasingly complex tax returns. Many revenue agents also specialize 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 and authorize more serious actions against individuals and businesses. Higher-level collectors also handle complex attempts to collect, usually against larger businesses.

For more information

Information about tax examiners, revenue agents, and collectors may not be as easy to find as information for many other occupations. However, the *Occupational Outlook Handbook, 2000-01 Edition* provides details about related occupations, including accountants and auditors and budget analysts. Visit your library or school counseling office for a copy of the *Handbook*, or view it online at <http://stats.bls.gov.ocohome.htm>.

For general information about tax examiners, revenue agents, and collectors, contact:

Federation of Tax Administrators
444 North Capitol St. NW., Suite 348
Washington, DC 20001
(202) 624-5890
<http://www.taxadmin.org>

For information about tax examiner, revenue agent, and collector jobs with the Federal Government, contact:

Office of Personnel Management
1900 E St. NW.
Washington, DC 20415-0001
(478) 757-3000
<http://www.usajobs.opm.gov>

For online information about other tax examiner, revenue agent, collector, and related jobs, check out America's Job Bank at <http://www.ajb.dni.us>.

For information about becoming an enrolled agent, contact:

National Association of Enrolled Agents
200 Orchard Ridge Dr., Suite 302
Gaithersburg, MD 20878
(301) 212-9608
<http://www.naea.org>

