PRACTICE EXAM 21: ENROLLED AGENT PART 3 SIMULATION (100 QUESTIONS)

This practice exam contains 100 questions covering Practices and Procedures, Representation before the IRS, Specific Areas of Representation, and Filing Process. The actual Special Enrollment Examination Part 3 allows 3.5 hours and requires a scaled score of 500 (on a 200-800 scale) to pass. Select the single best answer for each question.

1. A practitioner's enrollment application submitted through the experience path generally requires the underlying technical experience to have involved:

A. Substantive interpretation and application of the Code and regulations, not merely clerical or administrative tasks
B. Exclusively criminal tax matters, with no application to civil tax matters whatsoever
C. Work performed only in a supervisory capacity over other IRS employees
D. A minimum number of years working specifically in IRS Collection functions alone

2. A practitioner's continuing education hours earned through a self-review of professional literature generally:

A. Automatically and fully satisfy the entire Circular 230 continuing education requirement without further review
B. Qualify only if the practitioner personally authored the literature being reviewed
C. Qualify automatically for double credit given the greater rigor of independent self-study
D. Do not qualify toward the Circular 230 requirement absent a genuine IRS-approved program structure

3. A practitioner's obligation to maintain a current mailing address on file with the IRS generally is satisfied by:

A. Simply informing a single IRS employee verbally during an unrelated telephone call
B. Submitting the required update through the applicable official IRS notification process
C. Posting the updated address on the practitioner's own publicly accessible website
D. Relying on the postal service to automatically forward mail to the new address indefinitely

4. OPR's authority to negotiate a consent agreement with a practitioner facing potential discipline generally allows:

A. OPR to unilaterally impose terms without any genuine practitioner agreement whatsoever
B. The practitioner to unilaterally dictate terms without any genuine OPR agreement whatsoever
C. Resolution of the matter on agreed terms without the need for a full formal hearing
D. Resolution only where the practitioner first formally waives all rights to any future discipline

5. A practitioner's due diligence obligation regarding a client's claimed business use percentage of a home office generally requires:

A. A reasonable inquiry into the actual square footage and exclusive business use of the claimed space
B. Independent physical inspection of the home office space by the practitioner in person
C. Automatic disallowance of any home office claim exceeding a specific fixed percentage of the home
D. No inquiry whatsoever, since home office claims are presumed accurate automatically

6. A practitioner's advice regarding a position with substantial authority generally satisfies Section 10.34 even where the position is ultimately rejected by a court because:

A. Section 10.34 applies only to positions that are ultimately upheld by a reviewing court
B. The standard is evaluated based on the authority existing at the time of signing, not the position's eventual outcome
C. A position later rejected by a court automatically means substantial authority never actually existed
D. The signing obligation is retroactively voided wherever a court later rejects the underlying position

7. A contingent fee arrangement is generally permitted for representation regarding a claim for interest or penalty abatement filed independently of any original return preparation because:

A. Interest and penalty abatement claims are treated identically to an original return position under Circular 230's fee rules

B. Contingent fees are prohibited in every context except the specific abatement claim context

C. The IRS specifically requires contingent fee arrangements for all abatement claim representations

D. This type of claim is treated as sufficiently distinct from original return preparation to fall within a recognized exception

8. A practitioner's fee arrangement involving a success-based bonus tied to a non-tax-liability outcome, such as timely filing, generally is:

A. Prohibited entirely, since any success-based bonus arrangement is treated identically to a contingent fee

B. Permitted only if the bonus amount is specifically capped at a percentage set by Circular 230 itself

C. Permitted, since the prohibition on contingent fees applies specifically to determinations of tax liability outcomes

D. Permitted only for engagements involving business entities, never for individual taxpayer engagements

9. A practitioner's advertisement featuring a client testimonial generally should ensure the testimonial:

A. Is written entirely by the practitioner rather than the actual client being quoted

B. Focuses exclusively on the specific dollar amount of tax savings the client ultimately achieved

C. Reflects a genuine client experience and does not create unrealistic expectations for prospective clients

D. Is presented without any indication of whether the testimonial is genuine or compensated

10. A practitioner's conflict of interest analysis for representing a taxpayer against a party the practitioner previously consulted with informally, without ever being formally engaged, generally should evaluate:

A. Whether confidential information was actually shared during the informal consultation that could now be relevant

B. Only whether a formal engagement letter was ever actually signed with that specific party
C. Only the specific duration of the informal consultation that originally took place
D. Only whether the practitioner charged any fee for the informal consultation itself

11. A practitioner's written consent documentation for a conflict arising from a prior informal consultation should generally address the specific:

A. Only the practitioner's own personal opinion of how the informal consultation ultimately concluded
B. Only the specific total dollar amount the client's current matter involves in dispute
C. Only whether the informal consultation occurred before or after the practitioner's own enrollment as an EA
D. Extent to which confidential information from the informal consultation could affect the current matter

12. A firm's Section 10.36 procedures should generally address how the firm handles informal, pre-engagement consultations by:

A. Treating every informal consultation as entirely outside any recordkeeping obligation whatsoever
B. Maintaining a record sufficient to support future conflict checks involving the consulting party
C. Automatically declining to ever engage any party who previously had an informal consultation
D. Delegating all informal consultations automatically to a completely different, unrelated firm

13. A practitioner's Section 10.51(a)(4) violation for false statements is generally distinguishable from an aggressive but genuinely defensible legal position in that the violation requires:

A. No showing of falsity whatsoever, since any aggressive position automatically qualifies as this violation
B. Proof the client also independently disagreed with the practitioner's aggressive legal position
C. A false statement of fact, not merely an aggressive but genuinely arguable interpretation of the law
D. A separate, prior criminal conviction obtained specifically for the aggressive legal position itself

14. A practitioner's obligation regarding accuracy of representations generally applies to statements made in the course of settlement negotiations to the same extent as statements made:

A. In a formal written protest, since the accuracy obligation does not diminish based on the negotiation context

B. Only in a formal, notarized written document submitted directly to the IRS

C. Only during a scheduled examination interview specifically, and at no other stage of the process

D. Only after the underlying matter has already formally and completely concluded

15. A practitioner's written tax opinion should generally be updated or supplemented where subsequent guidance materially affects the opinion's original conclusions because:

A. IRS regulations specifically mandate updating every written opinion within thirty days of any guidance change

B. An opinion no longer reflecting current law could mislead a client who continues to rely on it

C. Failing to update automatically constitutes a Circular 230 violation regardless of the guidance's actual relevance

D. Clients specifically expect to receive a formal written update memo for every single guidance change

16. A practitioner's competence obligation regarding a matter involving a client's proposed transaction with genuinely novel state-law implications generally requires:

A. Automatic acceptance of the matter regardless of the practitioner's actual familiarity with the applicable state law

B. Automatic decline of the matter with no possibility of developing the needed understanding

C. Reliance exclusively on the client's own understanding of the applicable state law implications

D. Sufficient understanding of the relevant state law, or appropriate referral to a practitioner with relevant expertise

17. A practitioner's advertising claim regarding the firm's specific number of years serving the local community should generally be:

A. Rounded up substantially to present a more impressive-sounding figure to prospective clients

B. Accurate and calculated from the firm's actual date of establishment in that specific community

C. Omitted entirely from all advertising, since community tenure claims are categorically prohibited

D. Based on the founder's personal years of general life experience rather than the firm's own establishment

18. A practitioner's Section 10.20 obligation regarding record submission generally applies regardless of the format in which the records are:

A. Requested, applying only where the IRS specifically requests physical paper copies

B. Requested, applying only where the IRS specifically requests electronic digital copies

C. Originally created, applying only to records created after the practitioner's own enrollment date

D. Maintained, whether in physical paper form or in electronic digital form

19. A practitioner's failure to identify a client's eligibility for the Dependent Care Credit, where the client clearly qualifies, may reflect:

A. An entirely acceptable practice, since practitioners bear no obligation to identify every possible credit

B. A matter completely outside any Circular 230 concern whatsoever regarding the practitioner's conduct

C. A potential shortfall in the competence and diligence Circular 230 expects of practitioners

D. Relevant only if the client can affirmatively prove the practitioner deliberately withheld this information

20. A practitioner's conflict of interest evaluation should generally be repeated where an existing client's matter reveals the client is negotiating a business transaction with a party the practitioner also represents in an unrelated matter because:

A. The newly discovered business negotiation may genuinely affect whether continued representation of either client remains appropriate

B. IRS regulations specifically mandate an entirely new engagement letter for every newly discovered negotiation

C. Discovering this negotiation automatically and categorically terminates both pre-existing engagements entirely

D. Clients specifically expect and demand a fresh conflict evaluation memo for every such discovery

21. A practitioner's disreputable conduct violation involving knowingly facilitating a client's improper concealment of assets from a legitimate creditor generally implicates broader concerns because it:

A. Undermines confidence in the practitioner's honesty in dealings well beyond the immediate tax matter itself

B. Has no genuine connection whatsoever to the practitioner's actual tax practice or professional conduct

C. Carries no meaningful implication for any client's own interests or the profession's broader standing

D. Is a category of conduct Circular 230 does not actually address or regulate in any way

22. A practitioner's obligation to maintain confidentiality of client information generally applies during litigation between the practitioner and the client over unpaid fees, subject to:

A. No exception whatsoever, meaning the practitioner may never disclose any information in such litigation

B. A limited exception allowing disclosure of information reasonably necessary to establish or collect the fee

C. An exception allowing disclosure of any and all client information regardless of its relevance to the fee dispute

D. An exception that applies only where the client formally consents to the disclosure in writing

23. A practitioner's decision to decline continuing representation upon learning the client intends to use the practitioner's work product to facilitate an unrelated fraud is generally:

A. A violation of an implied duty to continue any representation a client has already engaged the practitioner for

B. Irrelevant to Circular 230, since declining continued representation carries no professional significance

C. An appropriate exercise of professional judgment consistent with Circular 230's overall standards

D. Permitted only if the practitioner first obtains a formal court ruling confirming the intended fraud

24. A practitioner's obligation regarding accuracy of representations extends to a formal request for reconsideration of a prior IRS determination to the extent the request concerns:

A. Only the factual basis for the reconsideration request, never any characterization offered
B. Only any characterization offered, never the factual basis for the reconsideration request
C. Neither category, since accuracy obligations apply only to numerical calculations specifically
D. Both the factual basis for the reconsideration request and any characterization of the underlying facts offered

25. A practitioner's suspension sanction generally is imposed following a determination that the practitioner's conduct, while serious, does NOT warrant:

A. Any disciplinary consequence whatsoever under Circular 230's applicable framework
B. The more severe and typically indefinite sanction of disbarment
C. Consideration by OPR of the specific facts and circumstances underlying the violation
D. A determination that some genuine violation of Circular 230 actually occurred

26. A practitioner's monetary penalty under Section 10.50 is generally imposed in addition to, rather than instead of, other available sanctions because:

A. The penalty and other sanctions like suspension or disbarment serve genuinely distinct regulatory purposes
B. OPR is legally required to impose every available sanction simultaneously in every single disciplinary matter
C. The penalty automatically triggers a mandatory, identical suspension in every case where it is imposed
D. Other available sanctions become legally unavailable once any monetary penalty has actually been imposed

27. A practitioner's reinstatement following disbarment generally requires OPR to consider whether the practitioner has maintained appropriate conduct in:

A. Only the practitioner's own personal financial need to resume practicing before the IRS
B. Only the specific number of years that have elapsed since the disbarment was originally imposed
C. Both the practitioner's tax matters and other areas of professional or personal conduct relevant to fitness
D. Only the practitioner's own personal opinion regarding whether the original sanction was fair

28. A practitioner's obligation to disclose a conflict extends to a conflict arising from the practitioner's referral relationship with a specific financial advisor who regularly refers clients to the practitioner, requiring the practitioner to generally:

A. Simply decline to accept any further referrals from that advisor with no disclosure ever required
B. Ignore the referral relationship entirely, since it is treated as unrelated to the tax representation itself
C. Disclose only to clients who specifically and independently ask about the practitioner's referral sources
D. Disclose the referral relationship and evaluate whether it could improperly influence the practitioner's advice

29. A practitioner's overall approach to identifying potential conflicts for a matter involving a client obtained through a professional networking event should generally include:

A. An assumption that a networking-acquired client automatically presents no possible conflict of any kind
B. The same systematic conflict check applied to any other matter, regardless of how the client was initially met
C. Skipping the conflict check entirely, since networking-acquired clients are presumed to be pre-vetted
D. Relying exclusively on the networking event's own organizer to have screened for potential conflicts

30. A practitioner's overall professional obligations under Circular 230 reflect a recognition that practitioners often possess information asymmetry advantages over taxpayers, requiring practitioners to generally:

A. Maintain the information asymmetry deliberately to preserve the practitioner's own competitive market advantage
B. Disclose every piece of specialized technical knowledge to the client regardless of its actual practical relevance
C. Eliminate all information asymmetry entirely by training every client to an expert professional level
D. Use that specialized knowledge to genuinely serve the client's legitimate interests rather than exploit the imbalance

31. A practitioner's overall commitment to Circular 230's standards ultimately reflects a recognition that the practitioner occupies a position of genuine trust requiring:

A. Ongoing vigilance regarding both the practitioner's own conduct and its potential impact on clients and the system
B. No genuine ongoing vigilance whatsoever once the practitioner has achieved initial enrollment successfully
C. Vigilance regarding only the practitioner's own personal financial interests in each specific matter
D. Vigilance regarding only how the practitioner's conduct might affect the practitioner's own reputation

32. A taxpayer's power of attorney should generally include the specific representative's phone number to:

A. Satisfy a purely arbitrary IRS formatting preference with no substantive purpose whatsoever
B. Allow the IRS to calculate the practitioner's applicable continuing education fee more accurately
C. Facilitate efficient communication between the IRS and the representative regarding the covered matters
D. Determine which specific IRS office will ultimately be assigned to process the authorization

33. A taxpayer's power of attorney generally does not authorize the representative to:

A. Discuss the specifically covered matters with the assigned IRS employee
B. Receive copies of notices regarding the specifically covered matters
C. Substitute or add a representative without specific separate authorization for that particular activity
D. Advocate the taxpayer's position at a scheduled examination interview

34. A taxpayer's power of attorney generally remains valid notwithstanding a change in the representative's own professional credential status, provided:

A. IRS regulations specifically require every power of attorney to be refiled after any credential change

B. The representative continues to hold an active credential permitting practice before the IRS

C. The representative's credential status is treated as a mandatory element of a validly executed authorization

D. Credential status changes automatically and categorically revoke any existing power of attorney on file

35. A taxpayer's assessment statute of limitations generally is NOT tolled by:

A. The taxpayer's simple decision to retain a new representative to replace a prior representative

B. A pending offer in compromise under active IRS review

C. A Tax Court proceeding actively contesting a notice of deficiency

D. The taxpayer being continuously outside the United States for at least six months

36. A taxpayer's Form 872 extension should generally be evaluated by the practitioner against the specific issues actually remaining unresolved because:

A. IRS regulations specifically require extension length to be calculated solely based on the total number of issues

B. The number of unresolved issues automatically determines the exact extension length without further input

C. Extensions are only ever available where every single issue in the matter remains genuinely unresolved

D. The genuine need for additional time should correlate with the actual complexity of what remains to be resolved

37. A taxpayer's position supported by a favorable Technical Advice Memorandum issued specifically to that taxpayer in a related matter generally provides:

A. No authoritative weight whatsoever, since TAMs are treated as purely advisory in every respect

B. Genuine authoritative weight for that specific taxpayer, though limited to the matter it actually addresses

C. Binding weight applicable to every other similarly situated taxpayer nationwide

D. Weight inferior to an informal, non-precedential IRS website FAQ on the same topic

38. A taxpayer's reliance on a position supported by testimony from a credentialed expert witness, absent formal IRS or judicial authority directly on point, generally reflects:

A. An automatically frivolous position lacking any recognized basis whatsoever

B. A position carrying weight identical to a formal, binding Treasury Regulation on the same topic

C. Grounds for automatic penalty relief regardless of any other circumstances involved

D. A reasonable basis argument, though weaker than a position with formal IRS or judicial authority

39. A taxpayer's disclosure of a position through Form 8275 for a matter involving multiple related issues generally should:

A. Address each material issue separately, rather than combining unrelated issues into a single vague disclosure

B. Combine all issues into a single undifferentiated disclosure regardless of how unrelated they actually are

C. Address only the single issue the taxpayer personally considers most financially significant

D. Omit any issue the taxpayer believes the IRS is unlikely to actually notice or scrutinize

40. A taxpayer's genuinely transparent position later found to lack even a reasonable basis generally still may distinguish the taxpayer from evasion because:

A. A position lacking even a reasonable basis is automatically treated as legally equivalent to evasion regardless of transparency

B. Legal weakness alone, regardless of transparency, is always sufficient to establish evasion under the applicable standard

C. The transparency itself demonstrates an absence of intent to conceal facts, even where the legal position was weak
D. Courts are legally required to excuse any weak position provided the taxpayer disclosed it transparently

41. The Taxpayer Advocate Service's role in addressing an IRS processing delay generally includes assessing whether the delay:

A. Reflects a systemic issue potentially affecting other similarly situated taxpayers beyond the individual case
B. Was caused by the taxpayer's own representative rather than by any actual IRS action
C. Occurred during a specific calendar quarter TAS has designated as exempt from any review
D. Involves a dollar amount below a specific minimum threshold TAS has established for review

42. A Taxpayer Assistance Order addressing a processing delay generally may direct the IRS to:

A. Automatically grant the taxpayer's underlying substantive claim regardless of its actual legal merits
B. Waive the taxpayer's underlying tax liability entirely regardless of its actual legal correctness
C. Complete the delayed processing within a specifically defined timeframe the order actually establishes
D. Terminate the employment of the specific IRS employee responsible for the processing delay

43. An Enrolled Agent's representation authority generally extends to a matter involving a taxpayer's dispute regarding:

A. Only individual income tax matters, never collection status determinations of any kind
B. Only matters the EA personally prepared the underlying filing for
C. Only matters involving amounts below a specific dollar threshold
D. A denied request for currently not collectible status, in addition to other tax matters

44. A practitioner's preliminary assessment of a new matter involving a taxpayer's participation in a conservation easement transaction should generally include confirming:

A. Only the specific land trust organization's overall general reputation in the industry
B. The specific easement's compliance with the applicable qualification and valuation requirements
C. Only the taxpayer's personal opinion regarding conservation easements generally as a tax strategy
D. Only the specific number of acres involved in the underlying conservation easement

45. A conflict check's scope for a matter involving multiple investors in the same conservation easement partnership should generally extend to:

A. Each individual investor, given their potential differing interests in the partnership's ultimate tax treatment
B. Only the partnership's own formal legal name, with no inquiry into individual investor participants
C. Only the specific state in which the underlying easement property is located
D. Only the total dollar value of the overall conservation easement transaction

46. A taxpayer's account transcript entry reflecting a disallowed conservation easement deduction generally indicates:

A. An automatic, complete forgiveness of any resulting tax liability regardless of the disallowance
B. An entry unrelated to any actual IRS action, requiring no further explanation at all
C. The IRS determined the easement failed to satisfy the applicable statutory qualification or valuation requirements
D. A penalty specifically assessed against the taxpayer for having participated in the transaction

47. A practitioner's analysis challenging a disallowed conservation easement deduction should generally focus on:

A. Only the taxpayer's personal opinion regarding whether the disallowance is generally fair
B. Identifying specific facts demonstrating the easement actually satisfied the applicable statutory requirements
C. Only the specific examiner's overall years of experience conducting examinations
D. Only the specific land trust organization's overall years of operating history

48. A requesting spouse's Innocent Spouse Relief claim involving a disallowed conservation easement deduction generally should address:

A. Only the requesting spouse's personal opinion regarding conservation easements generally
B. Only the couple's total combined years of marriage before the transaction occurred
C. Only the requesting spouse's current occupation and specific employer
D. Whether the requesting spouse had actual knowledge of the facts underlying the easement's ultimate disallowance

49. A practitioner's documentation for a matter involving a challenge to a conservation easement valuation should generally address the specific:

A. Methodology used to determine the easement's value and the qualifications of the appraiser relied upon
B. Only the couple's original choice of wedding venue and related details
C. Only the couple's shared taste in home decor and furnishings
D. Only the couple's preferred vacation destinations over the years

50. A practitioner's early assessment of potential criminal exposure in a matter involving a conservation easement should generally weigh:

A. Only the specific land trust organization involved in facilitating the underlying transaction
B. Only the client's overall general demeanor during a single initial consultation meeting
C. Only the specific total dollar value claimed for the overall conservation easement deduction
D. Whether the transaction's structure reflects a genuine conservation purpose or an artificially inflated valuation

51. A practitioner who identifies potential criminal exposure in a conservation easement matter should generally avoid:

A. Advising the client to consult with counsel experienced in tax controversy matters

B. Documenting the specific reasoning behind any referral made to specialized counsel

C. Advising the client to simply amend returns without first considering the full scope of the potential exposure

D. Continuing to handle unrelated civil matters for the client within the practitioner's actual competence

52. A Kovel arrangement's application to a conservation easement matter generally requires the accountant's analysis to be:

A. Conducted entirely independently of any attorney direction or involvement whatsoever

B. Directed by the attorney and genuinely connected to assisting the attorney's legal advice on the matter

C. Shared freely and openly with the IRS as the analysis progresses

D. Focused exclusively on matters having no connection whatsoever to any legal advice

53. A practitioner's case-building documentation for a conservation easement matter should generally include:

A. Only the taxpayer's own general assertion the easement was properly structured with no supporting documentation

B. Only the land trust's general marketing materials describing its overall conservation mission

C. Only the taxpayer's personal opinion regarding the overall fairness of conservation easement rules

D. The appraisal report, easement deed, and documentation supporting the property's conservation purpose

54. A practitioner's overall case assessment for a conservation easement matter should generally distinguish between:

A. The easement's compliance with the qualification requirements and the separate issue of its claimed valuation

B. Only easements granted before versus after a specific arbitrary calendar date unrelated to the requirements

C. Only easements located in one specific state versus easements located in another specific state

D. Only easements with a name containing the word "conservation" versus easements without that word

55. A practitioner's overall case-building strategy for a matter involving a genuinely complex conservation easement valuation dispute should generally include:

A. Only a narrative description with no supporting valuation of any kind provided at all

B. Obtaining or reviewing a credible, independent valuation analysis supporting the claimed deduction amount

C. Only the original appraiser's own conclusions, accepted without any independent review whatsoever

D. Avoiding any independent valuation review entirely to prevent inviting additional scrutiny

56. A practitioner's overall preliminary case assessment process for a conservation easement matter should generally include documenting:

A. Only the practitioner's own personal fee arrangement for handling the specific matter

B. Only the specific software the practitioner intends to use going forward in the matter

C. The specific date of the easement grant and its implications for the applicable statutory qualification requirements

D. Only the client's general overall satisfaction with the practitioner's services to date

57. A practitioner's case-building work for a matter involving a taxpayer's claimed reasonable cause for a conservation easement valuation error should generally document:

A. Only the taxpayer's own personal, subjective belief that reasonable cause genuinely exists

B. Only the specific total dollar amount of the claimed deduction at issue in the matter

C. The specific reliance on a qualified appraiser and the reasonableness of that reliance given the circumstances

D. Only the specific land trust organization the taxpayer originally worked with for the easement

58. A practitioner's overall approach to preliminary case assessment for a genuinely complex conservation easement matter should generally reflect:

A. Immediate commitment to a specific strategy before any meaningful fact development has occurred
B. Careful, thorough fact development before committing to a specific strategic approach
C. Complete avoidance of the complex matter in favor of addressing only more familiar, comfortable issues
D. Deference entirely to the taxpayer's own proposed strategy with no independent practitioner analysis

59. A practitioner's case-building process for a conservation easement matter ultimately aims to ensure the taxpayer's qualification position is:

A. Genuinely supported by the actual facts developed, not assumed based on the mere fact an easement was granted
B. Automatically favorable to the taxpayer regardless of what the actual facts developed ultimately show
C. Automatically unfavorable to the taxpayer whenever an easement is granted, regardless of the actual facts
D. Based primarily on the practitioner's own initial gut impression formed before any fact development occurs

60. A practitioner's overall case-building philosophy for a conservation easement matter should generally reflect an understanding that the applicable requirements:

A. Apply flexibly on a case-by-case basis with no genuine detailed standards actually involved
B. Never actually warrant any additional documentation beyond what a routine matter would require
C. Are legally prohibited from ever being examined by the IRS under any circumstances whatsoever
D. Involve detailed statutory and valuation standards warranting careful, precise documentation

61. A taxpayer's short-term payment plan proposal for a taxpayer with a disallowed conservation easement deduction generally should address:

A. Whether the resulting additional tax liability affects the taxpayer's current available cash for payment
B. Only the taxpayer's personal preference for the specific word "short-term" over other terminology
C. Only the taxpayer's total combined assets regardless of their actual liquidity or availability
D. Only the taxpayer's overall credit score as reported by a private credit bureau

62. A taxpayer's non-streamlined installment agreement for a taxpayer with a disallowed conservation easement deduction generally requires the Collection Information Statement to reflect:

A. Only the taxpayer's financial position exactly as it existed before the disallowance ever occurred
B. Only the specific land trust's own general financial standing and reputation
C. The current financial picture, including the additional tax liability resulting from the disallowance
D. Only the specific appraiser through which the easement's original valuation was performed

63. A taxpayer's offer in compromise for a taxpayer with a disallowed conservation easement deduction generally requires the RCP calculation to reflect:

A. Only the taxpayer's personal preference for how the RCP calculation should ultimately be structured
B. Only the easement's originally claimed valuation from the disallowed deduction itself
C. Only the specific land trust's own general fee schedule for facilitating easement transactions
D. The taxpayer's current actual assets and income, including any effect from the additional tax liability owed

64. A lien filed against a taxpayer's assets following a disallowed conservation easement deduction generally attaches:

A. Only to the specific easement property itself, not to the taxpayer's other separate assets
B. To the taxpayer's own property and rights to property, consistent with general federal tax lien principles
C. To neither the taxpayer's own assets nor the easement property, since disallowed deductions are treated as exempt
D. Only to the land trust's own separate corporate assets used to facilitate the transaction

65. A levy on a taxpayer's assets following a disallowed conservation easement deduction generally is subject to:

A. An automatic exemption from levy specifically because the underlying liability arose from a disallowed deduction

B. A mandatory waiting period of exactly one full year following the disallowance before any levy may occur

C. The same general levy procedures and exemptions applicable to any other tax liability the taxpayer owes

D. Approval requirements from the land trust before any levy may actually proceed

66. A Currently Not Collectible determination for a taxpayer with a significant liability from a disallowed conservation easement deduction generally requires evaluating:

A. Only the original claimed deduction amount from the now-disallowed transaction

B. The taxpayer's current genuine ability to pay, not the original amount of the claimed deduction

C. Only the specific land trust's own general reputation in the industry

D. Only whichever figure the taxpayer happens to personally prefer be used for this determination

67. A taxpayer's CDP hearing addressing a proposed levy following a disallowed conservation easement deduction should generally raise the specific issue of:

A. Only the taxpayer's general personal opinion regarding the fairness of conservation easement rules generally

B. Only the specific total number of years the taxpayer has owned real estate generally

C. Only the specific federal agency responsible for regulating conservation easements generally

D. Whether the levy would create genuine hardship given the taxpayer's actual current financial circumstances

68. A TFRP assessment is generally unrelated to a disallowed conservation easement deduction matter because TFRP addresses:

A. Unpaid employment trust fund taxes, a distinct issue from the individual income tax consequences of a disallowed deduction

B. The exact same underlying tax issue a disallowed deduction itself addresses, applied to a different taxpayer type

C. A penalty specifically triggered whenever a conservation easement deduction is disallowed

D. An issue that only arises for taxpayers who have previously claimed a conservation easement deduction

69. A responsible person's TFRP liability generally is unrelated to whether the person separately claimed a conservation easement deduction because:

A. Conservation easement claims automatically increase the responsible person's TFRP exposure regardless of any other factor

B. Taxpayers claiming conservation easements are categorically exempt from any TFRP assessment whatsoever

C. TFRP liability turns on control over trust fund payments, not on the person's own separate deduction claims

D. TFRP liability is calculated using the same formula applied to calculate conservation easement deduction amounts

70. A practitioner's Section 7525 privilege claim regarding communications about the tax treatment of a conservation easement transaction generally requires establishing the communication:

A. Genuinely concerned tax advice regarding the easement, not merely general land trust or appraisal guidance

B. Occurred during the land trust's normal business hours specifically

C. Was communicated in writing rather than verbally during a meeting

D. Was copied to the taxpayer's outside legal counsel as a matter of course

71. A taxpayer's Cohan estimate is generally inapplicable to establishing a conservation easement's claimed value because:

A. Cohan estimates apply exclusively to matters involving personal property rather than real property

B. The value must be established through a qualified appraisal meeting specific statutory requirements, not estimation

C. The easement's value is treated as flexible and subject to reasonable estimation under applicable case law

D. Conservation easement matters are categorically excluded from any application of the Cohan doctrine whatsoever

72. A practitioner's review of an RAR's proposed adjustment disallowing a conservation easement deduction should generally verify the examiner's:

A. Presentation using a specific font size within the printed report document

B. Position within the overall report, whether appearing early or later in the document

C. Total physical page length compared to adjustments proposed for other types of transactions

D. Specific factual findings regarding the qualification or valuation issue actually cited as the basis

73. A taxpayer's response to a 30-day letter proposing a conservation easement deduction disallowance should generally address whether:

A. The taxpayer simply prefers a different, unspecified tax treatment with no further explanation provided

B. The taxpayer's representative has personally ever encountered a similar easement issue before

C. The specific calendar month in which the easement was granted happens to be convenient for the taxpayer

D. The specific facts genuinely satisfy each applicable statutory qualification and valuation requirement disputed

74. A CP-2000 notice's proposed adjustment involving a discrepancy related to a conservation easement deduction should generally prompt verification against:

A. Only the specific land trust's overall general reputation in the industry

B. Only the specific font used to display the discrepancy amount on the notice itself

C. The taxpayer's actual Form 8283 documentation and how the deduction was genuinely reported

D. Only whether the notice includes the IRS's official seal prominently displayed

75. A taxpayer's Tax Court petition contesting a conservation easement deduction disallowance should generally identify:

A. The specific basis for disputing the examiner's factual findings regarding qualification or valuation
B. Only the taxpayer's own general, unsupported opinion regarding conservation easements generally
C. Only the total number of conservation easements the taxpayer has claimed over the taxpayer's lifetime
D. Only the specific land trust the taxpayer originally worked with for the transaction

76. A taxpayer's Appeals conference preparation for a conservation easement deduction dispute should generally include:

A. Simply asserting the deduction was proper with no supporting evidence or documentation provided
B. A clear presentation of the specific evidence supporting the easement's qualification and claimed valuation
C. Avoiding any discussion of the applicable qualification and valuation rules to prevent inviting additional scrutiny
D. Deferring entirely to the Appeals Officer to independently reconstruct the supporting evidence

77. A taxpayer's decision to accept an Appeals settlement resolving a conservation easement deduction dispute should generally be documented to specify:

A. Only the Appeals Officer's own general personal preference regarding conservation easements generally
B. The specific deduction amount ultimately allowed and the resulting tax effect for the applicable year
C. Only the specific conference room where the settlement was actually reached
D. Only the taxpayer's general overall satisfaction with how the dispute was ultimately resolved

78. A taxpayer's small tax case election is generally available for a conservation easement deduction dispute where the disputed amount:

A. Falls at or below the applicable dollar threshold, regardless of the underlying easement's complexity
B. Involves any conservation easement whatsoever, since such easements are categorically excluded from this election

C. Requires the taxpayer to first obtain the IRS's own advance consent to elect this simplified procedure
D. Must involve a business entity specifically, since individual taxpayers cannot claim conservation easement deductions

79. A taxpayer's formal written protest for a conservation easement deduction dispute should generally cite specific evidence supporting:

A. Only the taxpayer's own general, unsupported opinion regarding which treatment seems fairer
B. Only a demand that the examiner simply accept the taxpayer's proposed treatment without question
C. Only a general assertion that the examiner's proposed adjustment is obviously too large with no further detail
D. The easement's compliance with the applicable statutory qualification requirements under the governing rules

80. A taxpayer's Appeals settlement for a conservation easement deduction dispute involving a partial reduction in the allowed value generally should be documented to specify:

A. Only the Appeals Officer's own general personal philosophy regarding conservation easements generally
B. Only the specific date the original easement grant first occurred
C. How the reduced allowed value was ultimately determined and the resulting recalculated deduction
D. Only the taxpayer's general overall satisfaction with how the dispute was ultimately resolved

81. A taxpayer's decision to pursue Post-Appeals Mediation for a conservation easement deduction dispute should generally weigh whether:

A. The specific mediator happens to have personal experience with land conservation organizations
B. A neutral mediator could genuinely help resolve the specific remaining factual disagreement over valuation
C. Mediation sessions are scheduled on a specific day of the week the taxpayer personally prefers
D. The taxpayer's representative has previously used mediation in an entirely unrelated prior matter

82. A taxpayer's Appeals conference outcome for a conservation easement deduction dispute resulting in a partial concession by the IRS generally reflects:

A. A purely arbitrary split with no genuine underlying analytical basis whatsoever
B. An automatic default rule the IRS applies to every single conservation easement deduction dispute
C. A hazards-of-litigation compromise recognizing genuine factual uncertainty regarding the valuation dispute
D. A clerical error in properly calculating the correct final resolution amount for the matter

83. A practitioner's overall goal in preparing case-building materials for a conservation easement deduction Appeals conference should generally include:

A. Assuming the Appeals Officer will simply accept the deduction without any independent scrutiny
B. Preparing responses only to challenges the taxpayer's representative personally finds interesting
C. Preparing exclusively for challenges about matters entirely unrelated to the actual easement dispute
D. Anticipating challenges to the easement's qualification and valuation and preparing well-supported responses

84. A practitioner's overall approach to representing a taxpayer in a conservation easement deduction dispute should generally reflect an understanding that:

A. Strict compliance with statutory qualification requirements is generally required, leaving little room for equitable exceptions
B. The IRS generally grants broad equitable exceptions to the statutory qualification requirements upon request
C. The qualification requirements are treated as merely advisory guidelines with no genuine enforcement consequence
D. Courts routinely excuse noncompliant easements regardless of the taxpayer's specific circumstances

85. A preparer's software calculation for a return involving a conservation easement deduction should generally still involve manual review of:

A. Only the federal portion, since state-level easement calculations are treated as automatically reliable
B. No portion of the return at all, since easement software is treated as inherently more accurate
C. Form 8283's appraisal summary section and whether it was completed consistent with the actual appraisal
D. Only the client's name and address fields, with no substantive calculation review needed

86. A preparer's discovery of a duplicate entry affecting a conservation easement's claimed deduction illustrates the importance of reviewing:

A. How the deduction amount was actually calculated and whether figures were entered only once
B. Only the specific software version number used to prepare the particular return
C. Only the client's stated preference for how the deduction should ultimately be characterized
D. Only the total number of years the taxpayer has claimed conservation easement deductions

87. A preparer's Section 6107(b) obligation for a return involving a conservation easement deduction generally applies to:

A. Only the portion of the return unrelated to the easement specifically
B. Only a separate, distinct recordkeeping category maintained apart from the general return records
C. Only if the IRS specifically requests the easement documentation be separately retained
D. The return as a whole, including the specific Form 8283 documentation supporting the deduction

88. A preparer's data security obligations for records supporting a complex conservation easement matter should generally reflect:

A. Only whatever security measures happen to be least expensive for the firm to implement generally
B. The genuine sensitivity and complexity of the underlying appraisal and financial data involved
C. Only whatever security measures a single, specific competitor firm happens to currently use
D. No specific evaluation criteria at all, since easement records are treated as purely routine

89. An IRS e-file Application's approval generally reflects the IRS's determination that the applicant meets suitability standards regardless of whether the applicant's:

A. Own tax compliance history has actually been reviewed as part of the application process
B. Background has actually been reviewed as part of the applicable application process
C. Client base includes taxpayers with genuinely complex returns, such as those involving conservation easements
D. Information provided in the application has actually been verified for accuracy

90. A firm's decision to accept clients requiring conservation easement deduction reporting should generally include evaluating whether the firm has:

A. Sufficient internal expertise or access to appropriate resources to competently handle such matters
B. Simply changed its office coffee supplier with no other change involved
C. Updated its website's visual design with no other substantive change involved
D. Renewed its general liability insurance policy at the exact same coverage terms as before

91. A preparer's covered-return count determination generally does NOT distinguish between:

A. Returns filed for individual taxpayers and returns filed for business entities
B. Returns filed within a specific calendar year and returns filed in an entirely different calendar year
C. Returns the preparer actually signed as the paid preparer and returns the preparer did not sign
D. Returns involving routine matters and returns involving genuinely complex issues like conservation easement deductions

92. A preparer's Form 8948 for a return involving a client's specific objection related to a complex conservation easement issue should generally reference:

A. The specific recognized exception category actually applicable, not the underlying complexity of the easement issue itself
B. Only the preparer's own general opinion regarding the complexity of conservation easement rules generally
C. Only the specific land trust the taxpayer actually used to facilitate the transaction
D. Only the preparer's own past filing history with that particular client over prior years

93. A preparer's Form 8944 hardship waiver request should generally NOT be based on:

A. A documented, significant technology failure genuinely preventing electronic filing
B. The mere complexity of a client's conservation easement deduction, since complexity alone is not a recognized hardship category
C. A documented lack of reliable internet access genuinely preventing electronic filing
D. A documented religious objection genuinely qualifying under the applicable recognized exception

94. A taxpayer's Form 8879 authorization for a return involving a conservation easement deduction generally requires the taxpayer to:

A. Personally understand every technical detail of the appraisal calculation before signing the authorization
B. Obtain independent verification of the appraisal from a completely separate practitioner
C. Review the completed return, including the claimed deduction and Form 8283, before signing the authorization
D. Sign a supplemental form specifically acknowledging the easement's inherent complexity

95. An ERO's Form 8879 retention obligation for a return involving a conservation easement deduction generally is:

A. Extended to a longer period specifically because of the easement's underlying complexity
B. Waived entirely for returns involving easements given their genuinely specialized nature
C. Subject to a completely separate set of retention rules unique to easement returns specifically
D. The same standard retention obligation applicable to any other return, regardless of the underlying complexity

96. A preparer's confirmation of Form 8453 requirements for a return involving a conservation easement Form 8283 attachment should generally include checking:

A. Only whether the easement deduction happens to be favorable or unfavorable to the taxpayer
B. Whether the specific attachment requires separate transmittal under current applicable instructions
C. Only the specific total dollar amount of the resulting deduction claimed
D. Only whether the taxpayer has previously claimed a conservation easement in any prior tax year

97. A rejected return involving a conservation easement deduction should generally have its correction verified to confirm:

A. The specific error identified in the rejection has been resolved without altering the substantive deduction position taken
B. The overall total page count of the return remains identical to the original submission
C. The specific font used throughout the return remains unchanged from the original submission
D. The taxpayer's stated preference for a specific refund method remains unchanged

98. A preparer's overall response protocol for rejections affecting returns with conservation easement deduction issues should generally include:

A. Automatic assignment to whichever staff member happens to be available first, regardless of relevant experience
B. No differentiated protocol at all, since all rejections are treated identically regardless of underlying complexity
C. Escalation to a more experienced staff member familiar with the specific easement rules involved
D. Automatic resubmission without any review, since easement rejections are presumed to be simple errors

99. A preparer's overall e-file compliance program should generally include staff training on recognizing when a return's complexity, such as a conservation easement deduction, warrants:

A. No additional review of any kind, since e-file compliance training is treated as unrelated to substantive accuracy
B. Additional review before transmission, given the heightened risk of errors in such complex calculations

C. Automatic rejection of the engagement entirely, since complex returns are presumed too risky to prepare

D. Immediate escalation to the IRS itself, bypassing any internal firm review process entirely

100. An e-file Provider's overall commitment to compliance for complex return filings ultimately reflects a recognition that:

A. Complex returns carry no meaningfully different compliance considerations from a routine, simple filing

B. Compliance attention should actually decrease as a return's underlying complexity genuinely increases

C. Only routine, simple filings actually warrant the Provider's genuine compliance attention and focus

D. Genuine accuracy in complex matters requires the same careful compliance attention as any other filing

Practice Exam 21: Answer Key and Explanations

1. A — A—This particular path generally requires the underlying experience to have involved substantive interpretation and application of the Code and applicable regulations, not merely clerical tasks. It is not limited to exclusively criminal tax matters, does not require supervisory capacity specifically, and is not limited to experience in Collection functions alone.

2. D — D—Self-review of professional literature generally always definitely and clearly does not qualify toward the requirement absent a genuine IRS-approved program structure actually providing the credit. This is not an automatic full satisfaction, does not require the practitioner to have authored the material, and does not qualify for any automatic double credit.

3. B — B—This obligation is always satisfied by submitting the required update through the applicable official IRS notification process, not through informal alternative channels used instead. Verbally informing a single employee during an unrelated call, merely posting the address publicly, and relying on postal forwarding do not themselves satisfy this specific obligation.

4. C — C—A consent agreement allows resolving the matter on genuinely agreed terms without the need for a full formal hearing to be conducted. It does not allow OPR to unilaterally impose terms without agreement, does not allow the practitioner to unilaterally dictate terms, and does not require waiving rights to future discipline.

5. A — A—Due diligence requires a reasonable inquiry into the actual square footage and genuine exclusive business use of the claimed home office space. Independent physical inspection in person is not required, automatic disallowance above an arbitrary percentage is inappropriate, and no inquiry at all under any circumstances misstates this reasonable-inquiry standard.

6. B — B—This standard is evaluated based on the authority genuinely existing at the time of signing, not based on the position's eventual outcome in litigation. Section 10.34 is not limited to positions ultimately upheld, a later rejection does not retroactively mean substantial authority never existed, and the obligation is not retroactively voided.

7. D — D—Such a claim is treated as sufficiently distinct from original return preparation to fall within a recognized permitted contingent fee exception category. It is not treated identically to an original return position, contingent fees are not prohibited in every other context, and the IRS does not specifically require this fee structure.

8. C — C—Such an arrangement is generally permitted, since the contingent fee prohibition applies specifically to fees contingent on tax liability determination outcomes. It is not prohibited entirely as identical to a tax-outcome contingent fee, is not subject to a specific Circular 230 percentage cap, and is not limited to business entity engagements.

9. C — C—A proper testimonial should reflect a genuine client experience and avoid creating unrealistic expectations for prospective clients considering the firm. It should not be written entirely by the practitioner rather than the actual client, should not focus exclusively on a specific dollar savings figure, and should indicate whether it is genuine or compensated.

10. A — A—This analysis evaluates whether confidential information was actually shared during the informal consultation that could now genuinely be relevant to the current adverse matter. Whether a formal engagement letter was signed, the consultation's specific duration, and whether a fee was charged are not themselves the substantive factors this analysis turns on.

11. D — D—Proper documentation should always very clearly address the specific extent to which confidential information from the informal consultation could genuinely affect the current specific matter. The practitioner's own opinion of how the consultation concluded, the disputed dollar amount, and the consultation's timing relative to enrollment are not this required content.

12. B — B—Sound procedures should always maintain a record sufficient to support future conflict checks involving the party who had the informal consultation with the firm. Treating consultations as entirely outside any recordkeeping obligation, automatically declining to ever engage such parties, and automatically delegating to a different firm are all inadequate approaches.

13. C — C—This violation requires a false statement of fact, genuinely distinguishing it from an aggressive but arguable interpretation of the law that remains genuinely defensible. No falsity showing at all would improperly sweep in defensible aggressive positions, the client's own agreement is not required, and no prior criminal conviction is required.

14. A — A—This obligation applies to settlement negotiation statements to the same extent as a formal written protest, since accuracy does not diminish based on the negotiation context involved. It is not limited to only formal notarized documents, is not limited to only examination interviews, and does not apply only after final conclusion.

15. B — B—Updating is warranted because an opinion no longer reflecting current law could genuinely mislead a client who continues to rely on its original conclusions. There is no specific thirty-day mandatory update regulation, failing to update is not automatically a violation regardless of relevance, and clients do not automatically expect a formal memo.

16. D — D—Competence here always genuinely and clearly requires sufficient understanding of the relevant state law, or appropriate referral to a practitioner with relevant genuine expertise in that area. Automatic acceptance regardless of actual familiarity, automatic decline foreclosing development, and sole reliance on the client's own understanding are all inappropriate responses here.

17. B — B—Such a claim should always be accurate and calculated from the firm's actual date of establishment in that specific community being genuinely served. Substantially rounding up for impressiveness, categorically omitting all such claims, and basing the figure on the founder's general life experience rather than the firm's history are all inappropriate.

18. D — D—This obligation applies regardless of the format in which records are genuinely maintained, whether in physical paper form or electronic digital form. It is not limited to only physical paper requests, is not limited to only electronic requests, and is not limited to only records created after the practitioner's own enrollment.

19. C — C—Failing to identify clearly applicable Dependent Care Credit eligibility may reflect a genuine shortfall in the competence and diligence standards Circular 230 expects of practicing professionals. This is not automatically acceptable simply because not every credit must be identified, is not outside Circular 230's concern, and does not require proving deliberate withholding by the client.

20. A — A—Reevaluation is warranted because the newly discovered business negotiation may genuinely affect whether continued representation of either client remains appropriate under the circumstances. There is no specific regulatory mandate for an entirely new engagement letter, discovery does not automatically terminate both engagements, and clients do not automatically demand a fresh memo.

21. A — A—This conduct implicates broader concerns because it genuinely undermines confidence in the practitioner's genuine honesty in dealings well beyond the immediate tax matter itself entirely. This is not unconnected to the practitioner's tax practice, does carry meaningful implications for clients and the profession, and is genuinely addressed under Circular 230.

22. B — B—Confidentiality applies in fee litigation subject to a limited exception allowing disclosure of information reasonably necessary to establish or collect the fee owed. There is no absolute exception barring all disclosure, no exception permitting disclosure of irrelevant information, and no requirement of the client's formal written consent for this limited exception.

23. C — C—Declining continued representation upon learning of an intended unrelated fraud is an appropriate exercise of judgment consistent with Circular 230's overall standards. There is no implied duty to continue representation regardless of intended fraud, this decision carries genuine professional significance, and no prior court ruling is required to properly decline.

24. D — D—This accuracy obligation extends to both the factual basis for the reconsideration request and any characterization of the underlying facts the practitioner actually offers. It is not limited only to factual representations, is not limited only to legal or factual characterization, and is not limited only to purely numerical calculations.

25. B — B—A suspension reflects a genuine determination that the conduct, while serious, does not warrant the more severe and typically indefinite sanction of disbarment itself. Suspension is a genuine disciplinary consequence, does involve OPR's consideration of the specific facts and circumstances, and does reflect a determination that a genuine violation occurred.

26. A — A—The penalty and other sanctions like suspension or disbarment serve genuinely distinct regulatory purposes, justifying their potential combination rather than exclusivity in application. OPR is not legally required to impose every sanction simultaneously in every matter, the penalty does not automatically trigger a mandatory suspension, and other sanctions remain available.

27. C — C—OPR considers whether the practitioner has maintained appropriate conduct in both tax matters and other areas of professional or personal conduct relevant to fitness overall. The practitioner's own financial need, mere elapsed years alone, and the practitioner's own opinion about the original sanction's fairness are not themselves this required consideration.

28. D — D—This scenario requires disclosing the referral relationship and genuinely evaluating whether it could improperly influence the advice given to referred clients. Simply declining further referrals with no disclosure at all, ignoring the relationship as unrelated, and disclosing only upon a specific inquiry all fail to satisfy this proactive disclosure obligation.

29. B — B—A networking-acquired prospective client should undergo the same systematic conflict check applied to any other prospective client, regardless of how the client was initially met. Assuming automatic absence of conflict, skipping the check entirely, and relying exclusively on the event organizer's own screening are all inadequate approaches to this necessary check.

30. D — D—These obligations reflect the genuine and real recognition of information asymmetry, requiring practitioners to use their specialized knowledge to genuinely serve the client's own legitimate interests rather than exploit it. Deliberately maintaining asymmetry for competitive advantage, disclosing every irrelevant technical detail, and eliminating all asymmetry entirely all misstate this obligation.

31. A — A—This commitment reflects the recognition that the position of trust requires ongoing vigilance regarding both the practitioner's own conduct and its impact on clients and the system. It does not require no ongoing vigilance after initial enrollment, does not focus only on the practitioner's own financial interests, and does not focus only on personal reputation.

32. C — A—Including the phone number always genuinely and quite clearly facilitates efficient communication between the IRS and the representative regarding the specific matters covered here. This is not a purely arbitrary formatting preference, is unrelated to calculating any continuing education fee, and does not itself determine which office processes the authorization.

33. C — A—A standard power of attorney always genuinely and quite clearly does not authorize substituting or adding a new representative absent specific separate authorization for that heightened activity. It does authorize discussing covered matters with the assigned IRS employee, receiving notice copies, and advocating the taxpayer's position at an examination interview.

34. B — B—The authorization remains valid provided the representative continues to hold an active credential genuinely permitting practice before the IRS. There is no regulation requiring refiling after every credential change, credential status is not itself a separately mandatory form element, and such changes do not automatically revoke the authorization if active status continues.

35. A — A—The taxpayer's simple decision to retain a new representative, replacing a prior one, is not itself a recognized tolling event affecting the assessment statute. A pending offer in compromise, active Tax Court litigation, and a continuous six-month-plus absence from the United States are all genuinely recognized tolling events under the applicable framework.

36. D — D—This evaluation should reflect that the genuine need for additional time should correlate with the actual complexity of what genuinely remains unresolved in the matter. There is no regulation calculating length solely from issue count, the count does not automatically determine length without input, and extensions are not limited to matters with every issue unresolved.

37. B — B—A TAM issued specifically to that taxpayer carries genuine authoritative weight for that taxpayer, though limited specifically to the matter it actually addresses. It is not without authoritative weight, does not bind other similarly situated taxpayers nationwide, and carries more weight than a merely informal FAQ for that taxpayer's own matter.

38. D — D—Reliance on credentialed expert testimony, absent formal authority, generally reflects a reasonable basis argument, though genuinely weaker than a position backed by formal authority. This is not automatically frivolous, does not carry weight identical to a binding regulation, and does not itself guarantee automatic penalty relief regardless of other facts.

39. A — A—A proper disclosure should always very clearly address each material issue separately, rather than combining genuinely unrelated issues into a single vague, undifferentiated disclosure filed. Combining all issues regardless of relation, addressing only the most financially significant issue, and omitting issues believed unlikely to be noticed are all inappropriate approaches.

40. C — C—Transparency demonstrates a genuine absence of intent to conceal facts, even where the underlying legal position itself was ultimately weak or unsupported. A weak position is not automatically equivalent to evasion, legal weakness alone does not always establish evasion, and courts are not required to automatically excuse a disclosed but weak position.

41. A — A—TAS assessment includes evaluating whether the delay reflects a genuine systemic issue potentially affecting other similarly situated taxpayers beyond just the individual case. This assessment is not about whether the taxpayer's own representative caused the delay, is not limited to a TAS-exempt quarter, and carries no minimum dollar threshold requirement.

42. C — C—Such a TAO may generally always direct the IRS to complete the delayed processing within a specifically defined timeframe the order itself actually establishes clearly. It does not direct automatically granting the underlying substantive claim regardless of merits, does not waive a legally correct liability, and does not direct employee termination.

43. D — D—An EA's unlimited practice rights extend to a denied currently not collectible status request, in addition to other tax matters, reflecting the genuinely broad scope of authority. This is not limited to only individual income tax matters, is not limited to filings the EA personally prepared, and carries no dollar threshold limiting the matter's scope.

44. B — B—A proper preliminary assessment carefully and genuinely confirms the specific easement's compliance with the applicable qualification and valuation requirements under the governing rules. The land trust's general industry reputation, the taxpayer's opinion of easements generally, and the specific acreage alone are not themselves the substantive factors this assessment should focus on.

45. A — A—A thorough conflict check for this matter should extend to each individual investor, given their genuinely differing potential interests in the partnership's ultimate overall tax treatment. The partnership's formal legal name alone, the specific state location, and the total transaction value are not themselves sufficient without this broader investor-level inquiry.

46. C — A—This entry generally indicates the IRS determined the easement genuinely failed to satisfy the applicable statutory qualification or valuation requirements involved. It does not indicate automatic complete forgiveness of any resulting liability, is not unrelated to any actual IRS action, and is not itself a penalty for having participated in the transaction.

47. B — A—A proper challenge always focuses on identifying specific facts genuinely demonstrating the easement actually satisfied the applicable statutory requirements the examiner disputed here. The taxpayer's general opinion of fairness, the examiner's years of experience, and the land trust's operating history are not themselves the substantive basis this challenge should focus on.

48. D — D—This claim should always address whether the requesting spouse genuinely had actual knowledge of the facts underlying the easement's ultimate disallowance by the IRS itself. The requesting spouse's general opinion of conservation easements, total years married, and current occupation are not themselves the primary consideration this specific knowledge-focused claim requires.

49. A — A—Proper documentation always very clearly addresses the specific methodology used to determine the easement's actual value and the genuine qualifications of the appraiser actually relied upon here. Wedding venue choice, shared home decor taste, and vacation preferences are not themselves the substantive factors this specific valuation challenge should actually address.

50. D — D—A sound assessment weighs whether the transaction's structure genuinely reflects a genuine conservation purpose or instead an artificially inflated valuation scheme. The specific land trust involved, the client's general demeanor at one meeting, and the total dollar value alone are not themselves the substantive factors this assessment should focus on.

51. C — C—A practitioner should always genuinely avoid advising the client to simply amend returns without first considering the genuine full scope of the potential criminal exposure identified here. Advising consultation with experienced tax controversy counsel, documenting referral reasoning, and continuing unrelated civil matters within competence are all appropriate, recommended responses instead.

52. B — B—A proper Kovel arrangement requires the accountant's analysis be directed by the attorney and genuinely connected to assisting the attorney's actual legal advice on the matter. Work conducted entirely independently of attorney direction, freely shared with the IRS, and disconnected from legal advice would all undermine the arrangement's protective validity.

53. D — D—Proper documentation should always very clearly include the appraisal report, easement deed, and documentation genuinely supporting the property's actual conservation purpose actually claimed here as well. A bare general assertion with no supporting documentation, the land trust's marketing materials, and the taxpayer's opinion of fairness are not themselves this required documentation.

54. A — A—A proper case assessment always very clearly distinguishes between the easement's compliance with the qualification requirements and the genuinely separate underlying valuation issue itself, entirely and completely. An arbitrary unrelated date, the specific state of location, and mere naming convention are not themselves meaningful analytical distinctions this assessment should draw.

55. B — A—Case-building for a genuinely complex valuation dispute should always include obtaining or reviewing a credible, independent valuation analysis supporting the claimed deduction amount itself. Relying only on narrative with no valuation, simply accepting the original appraiser's conclusions without review, and avoiding independent review entirely all fail to properly address this dispute.

56. C — A—A thorough preliminary assessment should always very clearly include documenting the specific date of the easement grant and its genuine implications for the applicable statutory requirements involved. A fee-only documentation, a software-only documentation, and a general satisfaction-only documentation all fail to capture this substantive, expected content the assessment should include.

57. C — A—Case-building for this reasonable cause claim should always document the specific reliance on a qualified appraiser and the genuine reasonableness of that reliance given the circumstances presented. The taxpayer's own subjective belief alone, merely the deduction's total dollar amount, and merely the land trust used are not themselves this required documentation.

58. B — B—A sound approach reflects careful, thorough fact development before committing to a specific strategic approach for this genuinely complex conservation easement matter. Immediately committing to a strategy before fact development, avoiding the complex matter entirely, and deferring entirely to the taxpayer's own proposed strategy all fail to reflect this necessary careful approach.

59. A — A—The genuine aim is ensuring the qualification position is actually supported by the facts genuinely developed, not simply assumed favorable or unfavorable based on the mere grant. It does not aim for automatically favorable or unfavorable conclusions regardless of facts, and does not rely on an initial unexamined gut impression.

60. D — D—This philosophy should always reflect the understanding that the applicable requirements involve detailed statutory and valuation standards warranting careful, precise documentation of each specific claim. The requirements do not apply flexibly with no genuine detailed standards, do warrant additional documentation, and the IRS is not prohibited from examining such matters.

61. A — A—This particular proposal should always address whether the resulting additional tax liability genuinely affects the taxpayer's current available cash for the proposed payment plan. Mere terminology preference, total assets regardless of liquidity, and a private credit score are not themselves the proper substantive basis for this specific payment plan proposal.

62. C — D—This statement should always reflect the current financial picture, genuinely including the additional tax liability actually resulting from the disallowance itself here. It is not based on the pre-disallowance position alone, is not based on the land trust's own financial standing, and is not based on merely the appraiser used.

63. D — D—This particular RCP calculation always requires reflecting the taxpayer's own current actual assets and income precisely, genuinely including any effect from the additional liability presently owed. The taxpayer's mere structural preference, the disallowed deduction's originally claimed valuation, and the land trust's fee schedule are not themselves this specific relevant content.

64. B — B—This lien attaches to the taxpayer's own property and rights to property generally, consistent with general federal tax lien principles applying broadly. It does not attach only to the specific easement property, is not exempt from attaching to the taxpayer's assets, and does not attach to the land trust's own separate corporate assets.

65. C — C—This levy is generally subject to the same general levy procedures and applicable exemptions that would apply to any other tax liability. It does not carry an automatic exemption due to the liability's origin, does not carry a mandatory one-year waiting period, and does not require the land trust's approval to proceed.

66. B — B—A CNC determination for this specific taxpayer always generally requires carefully evaluating the taxpayer's own current genuine ability to pay, not the original disallowed deduction amount claimed. The original claimed deduction amount alone, the land trust's reputation, and the taxpayer's own preferred figure are all inadequate bases for this evaluation.

67. D — D—This hearing should raise the specific issue of whether the levy would create genuine hardship given the taxpayer's actual current financial circumstances presented. A general opinion about easement rules fairness, total years owning real estate, and the regulating agency's identity are not themselves the substantive issue this hearing should focus on.

68. A — A—TFRP addresses unpaid employment trust fund taxes, a genuinely distinct issue entirely separate from the individual income tax consequences of a disallowed deduction. It does not address the same underlying issue as a disallowed deduction, is not specifically triggered by a disallowance, and does not arise only for taxpayers who claimed such a deduction.

69. C — C—TFRP liability always turns on genuine control over trust fund tax payments, entirely unrelated to whether the person separately claimed a deduction of this kind at all. Conservation easement claims do not automatically increase TFRP exposure, claimants are not exempt from TFRP, and the two use entirely different calculation methods.

70. A — A—Asserting this privilege requires establishing the communication genuinely concerned tax advice regarding the easement's treatment, not merely general land trust or appraisal guidance provided. Communication timing during the land trust's business hours, written versus verbal communication, and copying outside counsel are not themselves the required elements this privilege claim demands.

71. B — B—The value must be established through a genuinely qualified appraisal meeting specific statutory requirements, not through Cohan-style estimation. Cohan estimates do not apply exclusively to personal versus real property, the value is not treated as flexible for estimation purposes, and easement matters generally are not categorically excluded from Cohan for other purposes.

72. D — D—A proper review always genuinely verifies the examiner's specific factual findings regarding the qualification or valuation issue actually cited as the disallowance's basis here. The specific font size, the adjustment's position within the report, and comparative page length to other transaction types are all irrelevant to this genuine substantive verification.

73. D — D—The response should always clearly and quite specifically address whether the specific facts genuinely satisfy each applicable statutory qualification and valuation requirement actually disputed by the examiner. A mere unspecified alternative treatment preference, the representative's prior general experience, and the easement's convenient granting month are not themselves the substantive issue.

74. C — C—This should prompt verification against the taxpayer's actual Form 8283 documentation and how the deduction was genuinely reported on the filed return. The land trust's general industry reputation, the specific display font, and the presence of an official seal are all irrelevant to this genuine substantive verification actually needed here.

75. A — A—A proper petition should identify the specific basis for disputing the examiner's factual findings regarding the qualification or valuation issue actually disputed here. A general unsupported opinion about easements, mere lifetime easement claim count, and merely the land trust used are not themselves the required substantive content this petition needs.

76. B — B—Preparation for this dispute should include a clear presentation of the specific evidence genuinely supporting the easement's qualification and claimed valuation. Simply asserting propriety with no supporting evidence, avoiding discussion of the rules entirely, and deferring entirely to the Officer's own reconstruction all fail to properly advocate for the taxpayer.

77. B — B—Proper settlement documentation should always clearly specify the specific deduction amount ultimately allowed and the resulting genuine tax effect for the applicable tax year itself here. The Officer's general personal preference regarding easements, the specific conference room location, and the taxpayer's general satisfaction are not themselves this required documentation content.

78. A — A—The small tax case election is generally available where the disputed amount falls at or below the applicable dollar threshold, regardless of the underlying easement complexity. Conservation easements are not categorically excluded from this election, no advance IRS consent is required to elect it, and individual taxpayers can also claim these deductions.

79. D — D—A proper protest should always clearly cite specific evidence supporting the easement's genuine compliance with the applicable statutory qualification requirements under governing rules cited here. A bare unsupported opinion about fairness, a demand for unquestioning acceptance, and an unsupported general size assertion are all inadequate substitutes for this required evidence.

80. C — C—Proper documentation should always clearly specify how the reduced allowed value was ultimately determined and the resulting genuine recalculated deduction amount actually reached now. The Officer's general philosophy regarding easements, the original grant date, and the taxpayer's general satisfaction are not themselves this required documentation content for the file kept.

81. B — B—This decision should always weigh whether a neutral mediator could genuinely help resolve the specific remaining factual disagreement over the valuation actually disputed here now. The mediator's unrelated personal land conservation experience, a preferred scheduling day, and the representative's unrelated prior mediation experience are not themselves the substantive factors here.

82. C — C—A partial IRS concession generally always genuinely reflects a genuine hazards-of-litigation compromise, recognizing real factual uncertainty regarding the valuation actually disputed here. It is not a purely arbitrary split lacking analytical basis, is not an automatic default rule applied to every case, and is not itself a clerical calculation error.

83. D — D—Effective preparation always genuinely includes very carefully anticipating challenges to the easement's own qualification and valuation and preparing well-supported responses to those specific raised challenges. Assuming the Officer will accept the deduction without scrutiny, preparing only for personally interesting challenges, and preparing only for unrelated matters all reflect inadequate preparation.

84. A — A—This approach should reflect the understanding that strict compliance with statutory qualification requirements is generally required, leaving genuinely little room for equitable exceptions in most cases. The IRS does not generally grant broad equitable exceptions upon request, the requirements are not merely advisory, and courts do not routinely excuse noncompliance regardless of circumstances.

85. C — C—Manual review should always genuinely focus on Form 8283's appraisal summary section and whether it was genuinely completed consistent with the actual appraisal document. Reviewing only the federal portion as automatically reliable, reviewing no portion at all, and reviewing only identifying fields all fail to address this genuine calculation-specific risk.

86. A — A—This discovery always very clearly illustrates the importance of reviewing how the deduction amount was actually calculated and confirming figures were entered only once here. The specific software version, the client's characterization preference, and the total years claiming such deductions are all irrelevant to this genuine substantive single-entry review needed.

87. D — A—This obligation generally always genuinely applies to the return as a whole, genuinely including the specific Form 8283 documentation supporting the claimed deduction itself. It is not limited to only the unrelated portion, is not maintained as a separate distinct category, and applies regardless of a specific separate IRS request.

88. B — B—Reasonable security should always genuinely reflect the genuine sensitivity and complexity of the underlying appraisal and financial data actually involved in this matter. Choosing the least expensive option regardless of adequacy, simply matching a specific competitor, and having no evaluation criteria at all all fail to reflect genuinely reasonable security.

89. C — C—Approval always clearly and genuinely reflects meeting suitability standards regardless of whether the applicant's own client base includes taxpayers with genuinely complex returns like conservation easements involved. Suitability does depend on the applicant's own tax compliance history being reviewed, background being reviewed, and the application information being verified for accuracy.

90. A — A—This decision should always carefully and genuinely include evaluating whether the firm genuinely has sufficient internal expertise or access to appropriate resources to competently handle these matters. Changing a coffee supplier, updating website design, and renewing insurance at the same terms are all unrelated changes not themselves addressing this competence-related evaluation.

91. D — D—This determination generally does not distinguish between routine returns and returns involving genuinely complex issues like conservation easement deductions, treating both as covered returns equally. It does distinguish based on individual versus business entity type in certain contexts, calendar year, and whether the preparer actually signed as the paid preparer.

92. A — A—Form 8948 should always reference the specific recognized exception category actually applicable to the paper filing, not the underlying complexity of the easement issue itself here. It should not merely reference the preparer's general opinion of easement complexity, the specific land trust used, or the preparer's unrelated past filing history.

93. B — B—A waiver request should not be based on the mere complexity of a client's conservation easement deduction, since complexity alone is not itself a recognized hardship category. Genuinely documented technology failure, lack of reliable internet access, and a qualifying religious objection are all recognized bases for this specific request instead.

94. C — C—The taxpayer generally must always review the completed return, including the claimed deduction and Form 8283, before signing the Form 8879 authorization itself. The taxpayer need not personally understand every technical appraisal detail, need not obtain a separate independent verification, and need not sign a specific supplemental complexity acknowledgment form.

95. D — D—This retention obligation is the same standard obligation applicable to any other return, regardless of the underlying easement complexity actually involved in that return. It is not extended for this specific complexity, is not waived entirely for such returns, and is not subject to a completely separate unique rule set.

96. B — B—This confirmation should always very carefully include checking whether the specific attachment genuinely requires separate Form 8453 transmittal under the current applicable instructions currently in effect. Whether the deduction is favorable or unfavorable, the specific deduction amount, and prior easement history are all irrelevant to this specific transmittal requirement check.

97. A — A—Verification should always carefully confirm the specific identified error has been resolved without inadvertently altering the substantive deduction position actually taken on the return itself. The overall page count, the specific font used, and the taxpayer's refund method preference are all irrelevant to this genuine substantive verification actually needed here.

98. C — C—A sound protocol should always genuinely include escalation to a more experienced staff member genuinely familiar with the specific easement rules actually involved in the return itself. Automatic assignment regardless of experience, no differentiated protocol at all, and automatic resubmission without review all fail to appropriately address this specific complexity.

99. B — B—Training should always clearly and genuinely address recognizing when complexity like a conservation easement deduction warrants additional internal review, given the genuinely heightened risk of errors performed. No additional review at all, automatic rejection of the engagement, and immediate escalation to the IRS bypassing internal review are all inappropriate responses.

100. D — D—This overall commitment reflects the recognition that genuine accuracy in complex matters requires the same careful compliance attention as any other filing the Provider handles. Complex returns do carry genuinely distinct compliance considerations, attention should not decrease with complexity, and complex filings do warrant genuine compliance attention, not only routine ones.