PRACTICE EXAM 23: 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 status displayed as "active" in IRS records generally confirms the practitioner has:

A. Never been the subject of any client complaint whatsoever throughout the practitioner's entire career
B. Satisfied the applicable renewal and continuing education requirements as of the most recent renewal cycle
C. Achieved a specific, formally ranked score on the original Special Enrollment Examination
D. Been personally endorsed by name by a current or former IRS Commissioner

2. A practitioner's continuing education hours earned through a program specifically addressing recent legislative changes generally qualify as:

A. General continuing education hours, provided the program otherwise meets applicable IRS-approved provider standards
B. Automatically double-counted hours given the heightened importance of recent legislative changes
C. Ethics-specific hours regardless of the program's actual substantive content or focus
D. Hours that can never actually qualify toward any portion of the continuing education requirement

3. A practitioner's obligation to update the IRS regarding the practitioner's own change of legal name generally should be completed:

A. Only at the specific time of the practitioner's next scheduled renewal cycle

B. Only if a client or the IRS specifically inquires about the practitioner's current legal name
C. Only after the practitioner has obtained a new government-issued photo identification document
D. Promptly following the legal name change, through the applicable official notification process

4. OPR's authority to issue a private reprimand rather than pursue public disciplinary action generally reflects consideration of:

A. Only the practitioner's own personal preference regarding whether the reprimand should be public or private
B. Only the specific calendar month in which the underlying violation happened to occur
C. Whether the specific violation's nature and circumstances warrant a less severe, non-public response
D. Only whether the practitioner has ever previously interacted with OPR in any capacity

5. A practitioner's due diligence obligation regarding a client's claimed medical and dental expense deduction generally requires:

A. A reasonable inquiry into whether the claimed expenses genuinely qualify and exceed the applicable AGI threshold
B. Independent verification directly with each medical provider named in the claimed expenses
C. Automatic disallowance of any medical expense claim exceeding a specific fixed dollar amount
D. No inquiry whatsoever, since medical expense claims are presumed accurate automatically

6. A practitioner's advice regarding a position with substantial authority generally satisfies Section 10.34 even where the specific issue has never been directly addressed by any published guidance because:

A. Section 10.34 applies only to positions specifically and directly addressed by published guidance on point
B. Substantial authority may be established through analogous authority and well-reasoned legal analysis, not only direct guidance
C. The absence of direct published guidance automatically means substantial authority can never exist for the position
D. The signing obligation is entirely waived wherever no direct published guidance addresses the specific issue

7. A contingent fee arrangement is generally permitted for representation regarding a claim for a refund of an overpaid tax where the claim relates to the treatment of a computational error, because:

A. Computational error claims are treated identically to a substantive original return position under Circular 230's rules

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

C. Such a claim is treated as sufficiently distinct from a substantive position taken on an original return

D. The IRS specifically requires contingent fee arrangements for all computational error claim representations

8. A practitioner's fee arrangement involving a minimum fee regardless of the actual time ultimately spent generally should be:

A. Left deliberately vague regarding when the minimum fee would actually apply to the engagement

B. Set at the highest amount the practitioner believes the client might conceivably tolerate paying

C. Structured with no written documentation at all, relying entirely on a verbal understanding

D. Clearly disclosed to the client in advance, including the circumstances under which the minimum would apply

9. A practitioner's advertisement featuring a comparison chart of the firm's services against unnamed "typical" competitors is generally:

A. Always permitted, since comparisons to unnamed competitors are categorically exempted from any scrutiny

B. Permitted only if every single competing firm in the area formally agrees with the comparison

C. Potentially misleading unless the comparison is genuinely accurate and based on verifiable, representative data

D. Irrelevant to Circular 230, since it is treated as harmless marketing puffery

10. A practitioner's conflict of interest analysis for representing a taxpayer in a matter where the practitioner's adult child is a client of a different firm representing an adverse party generally should evaluate:

A. Only the specific total fee the adult child's own separate firm charges for its own representation
B. Only whether the practitioner and the adult child speak regularly on matters unrelated to work
C. Only the specific number of years the adult child has been a client of that different firm
D. Whether the family relationship could reasonably be perceived as improperly influencing the matter's handling

11. A practitioner's written consent documentation for a conflict arising from an adult child's status as a client of an adverse party's firm should generally address the specific:

A. Safeguards in place to prevent any appearance of improper influence on the matter's handling
B. Only the practitioner's own personal opinion of how successful the adult child's career has been
C. Only the specific total dollar amount the client's matter involves in dispute
D. Only whether the relationship began before or after the practitioner's own enrollment as an EA

12. A firm's Section 10.36 procedures should generally address how the firm handles a matter involving a staff member's family relationships with parties on the opposing side by:

A. Automatically declining every such matter regardless of the actual specific circumstances involved
B. Requiring disclosure of the relationship and evaluation of whether it presents a genuine conflict
C. Automatically accepting every such matter with no evaluation of any kind conducted
D. Delegating the entire matter automatically to a completely different, unrelated firm

13. A practitioner's Section 10.51(a)(4) violation for false statements generally may be established through evidence the practitioner made contradictory statements to the IRS about the same material fact, because:

A. Contradictory statements are treated as automatically irrelevant to establishing any false statement violation
B. Only the practitioner's very first statement made to the IRS can ever establish this specific violation
C. Contradictory statements about the same fact suggest at least one was made with knowledge of its actual falsity

D. A separate, prior criminal conviction is required before contradictory statements can establish this violation

14. A practitioner's obligation regarding accuracy of representations generally requires the practitioner to have a reasonable basis for believing a factual representation is true before making it, meaning the practitioner should generally:

A. Undertake reasonable inquiry appropriate to the circumstances rather than simply repeating unverified client assertions
B. Independently verify every single factual assertion through an entirely separate, unrelated third-party source
C. Rely exclusively on the client's own assertions with absolutely no further inquiry of any kind ever required
D. Obtain a formal notarized affidavit from the client before making any factual representation whatsoever

15. A practitioner's written tax opinion should generally clearly separate factual assumptions from legal conclusions to:

A. Satisfy a purely cosmetic formatting requirement with no genuine substantive purpose
B. Guarantee the client a specific favorable outcome regardless of whether the assumed facts actually hold true
C. Eliminate the practitioner's own underlying obligation to conduct genuine, substantive analysis
D. Allow the client to genuinely understand which portions of the analysis depend on facts that must actually be verified

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

A. Automatic acceptance of the matter regardless of the practitioner's actual familiarity with international tax rules
B. Sufficient understanding of the international implications, or appropriate referral to a practitioner with relevant expertise

C. Automatic decline of the matter with no possibility of developing the needed understanding
D. Reliance exclusively on the client's own understanding of the applicable international tax implications

17. A practitioner's advertising claim regarding the firm's specific number of satisfied clients should generally be:

A. Rounded up substantially to present a more impressive-sounding figure to prospective clients
B. Based on genuine, verifiable data reflecting the firm's actual client base and outcomes
C. Omitted entirely from all advertising, since satisfied-client claims are categorically prohibited
D. Based on a single, particularly favorable period rather than the firm's overall genuine track record

18. A practitioner's Section 10.20 obligation regarding record submission generally applies to records the practitioner obtained during the course of representing a former client, provided:

A. The former client has specifically and separately consented to the disclosure in advance
B. A minimum of five years has elapsed since the former representation formally concluded
C. The former client has since become entirely unreachable for any further communication
D. The records genuinely relate to a matter properly before the IRS that the current request actually concerns

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

A. A potential shortfall in the competence and diligence Circular 230 expects of practitioners
B. An entirely acceptable practice, since practitioners bear no obligation to identify every possible credit
C. A matter completely outside any Circular 230 concern whatsoever regarding the practitioner's conduct
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 has become a creditor of another existing client the practitioner also represents because:

A. IRS regulations specifically mandate an entirely new engagement letter for every newly discovered creditor relationship

B. Discovering this creditor relationship automatically and categorically terminates both pre-existing engagements entirely

C. The newly discovered creditor relationship may genuinely affect whether continued representation of either client remains appropriate

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

21. A practitioner's disreputable conduct violation involving knowingly assisting a client in structuring cash transactions to evade currency reporting requirements generally is evaluated with particular seriousness because it involves:

A. A direct undermining of financial reporting systems designed to detect and prevent illicit financial activity

B. A matter having no genuine connection whatsoever to the practitioner's actual tax practice

C. Conduct that, while concerning, carries no meaningful implication for any client's own interests

D. 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 to information disclosed during a mediation session, subject to:

A. No genuine additional consideration whatsoever, since mediation is treated identically to any ordinary conversation

B. Any applicable mediation confidentiality rules that may provide additional, separate protections

C. An exception allowing free disclosure of any information discussed during the specific mediation session

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

23. A practitioner's decision to decline continuing representation upon learning the client has instructed the practitioner to withhold material information from the IRS is generally:

A. A violation of an implied duty to follow any client instruction regardless of its actual substance
B. Irrelevant to Circular 230, since declining continued representation carries no professional significance
C. Permitted only if the practitioner first obtains a formal court ruling regarding the withheld information
D. An appropriate exercise of professional judgment consistent with Circular 230's overall standards

24. A practitioner's obligation regarding accuracy of representations extends to a formal request for a lien subordination to the extent the request concerns:

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

25. A practitioner's suspension sanction generally is imposed for a period reflecting OPR's judgment regarding:

A. A single fixed period identical for every practitioner regardless of the underlying violation's severity
B. The practitioner's own personal preference for how long the suspension should ideally last
C. The appropriate duration to address the specific violation while allowing eventual return to practice
D. The specific harmed client's own preference for how long the suspension should ideally last

26. A practitioner's monetary penalty under Section 10.50 generally is subject to collection through:

A. No genuine collection mechanism whatsoever, since the penalty is treated as purely symbolic
B. Applicable federal debt collection procedures, similar to other debts owed to the federal government
C. Private collection agencies retained directly and personally by the individual OPR attorney involved

D. Voluntary payment only, with no consequence whatsoever for a practitioner's failure to actually pay

27. A practitioner's reinstatement following disbarment generally requires OPR to consider whether reinstatement would be consistent with:

A. The public interest in maintaining confidence in the integrity of practice before the IRS
B. Only the practitioner's own personal financial need to resume practicing before the IRS
C. Only the specific number of years that have elapsed since the disbarment was originally imposed
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 serving as trustee of a trust that is also a client in a separate tax matter, requiring the practitioner to generally:

A. Simply resign from the trustee role entirely with no disclosure or evaluation ever required
B. Ignore the trustee role entirely, since it is treated as unrelated to the tax representation itself
C. Disclose only to beneficiaries who specifically and independently ask about the arrangement
D. Evaluate whether the fiduciary duties owed as trustee could create competing obligations with the tax representation

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

A. An assumption that an association-referred 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 obtained
C. Skipping the conflict check entirely, since association-referred clients are presumed to be pre-vetted
D. Relying exclusively on the association's own internal assurance that no conflict genuinely exists

30. A practitioner's overall professional obligations under Circular 230 reflect a recognition that a functioning tax system depends on practitioners maintaining credibility with:

A. Only the taxpayers they represent, with no genuine need to maintain credibility with the IRS whatsoever

B. Only the IRS, with no genuine need to maintain credibility with the taxpayers they represent whatsoever

C. Neither the taxpayers they represent nor the IRS, since credibility is treated as entirely irrelevant

D. Both the taxpayers they represent and the IRS with which they regularly interact on those taxpayers' behalf

31. A practitioner's overall commitment to Circular 230's standards ultimately reflects an understanding that professional discipline exists to protect:

A. The broader public's interest in a tax system where practitioners can genuinely be trusted

B. Only the individual practitioner's own personal professional reputation and standing

C. Only the IRS's own narrow institutional interest in efficient case processing

D. Only competing practitioners' interests in a level playing field within the profession

32. A taxpayer's power of attorney should generally identify the specific representative's designation, such as "EA" or "CPA," 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. Allow the IRS to confirm the representative holds a recognized credential authorizing practice before it

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. Advocate the taxpayer's position at a scheduled examination interview

D. Execute a claim for refund on the taxpayer's behalf absent specific separate authorization for that activity

34. A taxpayer's power of attorney generally is treated as covering a related deficiency proceeding for the same tax year because:

A. IRS regulations specifically require every deficiency proceeding to be treated as an entirely new, unrelated matter
B. The authorization's scope generally extends to matters genuinely arising from the same covered tax period
C. A deficiency proceeding is treated as automatically and categorically outside the original authorization's scope
D. The taxpayer must affirmatively resubmit an identical authorization for the deficiency proceeding phase

35. A taxpayer's assessment statute of limitations generally is tolled during the period a wrongful levy claim is pending because:

A. Wrongful levy claims are always automatically granted, eliminating any need for tolling consideration
B. The assessment statute never applies to any matter involving a levy of any kind
C. This specific circumstance is among the statutorily recognized tolling events under the applicable Code provisions
D. The IRS lacks any authority whatsoever to address matters involving wrongful levy claims

36. A taxpayer's Form 872 extension request should generally be evaluated by the practitioner against whether declining the extension would force a premature filing of:

A. A Tax Court petition before the taxpayer's position could be fully developed and presented
B. An entirely unrelated matter having no genuine connection to the current examination
C. A routine annual return for a subsequent, unrelated tax year
D. A formal complaint against the specific examining agent handling the matter

37. A taxpayer's position supported by a formal Coordinated Issue Paper addressing an industry-wide issue generally reflects:

A. A guarantee the taxpayer's identical position will ultimately succeed if formally challenged
B. No relevance whatsoever to the taxpayer's own current matter or risk assessment
C. Binding law the IRS is legally required to follow in every subsequent, unrelated case
D. IRS guidance on a recurring issue, a genuinely relevant though not binding factor in the overall risk assessment

38. A taxpayer's reliance on a position supported by a well-established industry custom or practice, absent formal IRS or judicial authority directly on point, generally reflects:

A. A reasonable basis argument, though weaker than a position with formal IRS or judicial authority
B. An automatically frivolous position lacking any recognized basis whatsoever
C. A position carrying weight identical to a formal, binding Treasury Regulation on the same topic
D. Grounds for automatic penalty relief regardless of any other circumstances involved

39. A taxpayer's disclosure of a position through Form 8275 involving a matter subject to a Coordinated Issue Paper generally should:

A. Simply adopt the Coordinated Issue Paper's position without any further explanation or analysis provided
B. Reference the specific paper's position while explaining why the taxpayer's facts genuinely differ or support a different result
C. Avoid any mention of the Coordinated Issue Paper to prevent inviting additional scrutiny
D. Assert the Coordinated Issue Paper is entirely irrelevant with no further explanation provided

40. A taxpayer's genuinely transparent position consistent with a well-established industry custom, later found incorrect, generally distinguishes the taxpayer from evasion because:

A. Industry custom automatically and conclusively establishes the position was legally correct regardless of the actual law

B. Legal incorrectness alone, regardless of transparency, is always sufficient to establish evasion under the applicable standard
C. The transparency and reliance on established custom demonstrate an absence of intent to conceal facts
D. Courts are legally required to excuse any position consistent with some identifiable industry custom

41. The Taxpayer Advocate Service's role in addressing a taxpayer's hardship arising from a levy on essential living expenses generally includes assessing:

A. Whether the levy leaves the taxpayer without funds reasonably necessary for basic living expenses
B. Only whether the taxpayer's representative believes the levy is generally unfair as a policy matter
C. Only the specific total dollar amount originally levied, with no further inquiry into actual impact
D. Only whether the taxpayer has previously experienced a levy in any prior tax year

42. A Taxpayer Assistance Order addressing a levy on essential living expenses 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. Terminate the employment of the specific IRS employee responsible for issuing the levy
D. Release the levy or adjust its scope consistent with the applicable hardship criteria actually established

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 lien-related matters of any kind
B. A denial of a requested lien withdrawal, in addition to other tax matters
C. Only matters the EA personally prepared the underlying filing for
D. Only matters involving amounts below a specific dollar threshold

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

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

B. Only the taxpayer's personal opinion regarding syndicated arrangements generally

C. The specific arrangement's actual promotion structure and whether it may implicate abusive tax shelter concerns

D. Only the specific number of investors involved in the overall syndication

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

A. Only the syndication's own formal legal name, with no inquiry into individual investor participants

B. Each individual investor, given their potential differing interests in the syndication's ultimate tax treatment

C. Only the specific state in which the underlying easement property is located

D. Only the total dollar value of the overall syndicated transaction

46. A taxpayer's account transcript entry reflecting a disallowed syndicated 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. A penalty specifically assessed against the taxpayer for having participated in the syndication

D. The IRS determined the arrangement failed to satisfy the applicable statutory requirements, potentially including valuation issues

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

A. Identifying specific facts demonstrating the arrangement actually satisfied genuine qualification and valuation requirements

B. Only the taxpayer's personal opinion regarding whether the disallowance is generally fair
C. Only the specific examiner's overall years of experience conducting examinations
D. Only the specific promoter's overall years of operating history

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

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

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

A. Only the couple's original choice of wedding venue and related details
B. Marketing materials and promised tax benefit ratios presented to investors at the time of the offering
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 syndicated conservation easement should generally weigh:

A. Whether the arrangement's structure and marketing suggest a genuine conservation purpose or a scheme to generate inflated deductions
B. Only the specific promoter organization involved in facilitating the underlying transaction
C. Only the client's overall general demeanor during a single initial consultation meeting
D. Only the specific total dollar value claimed for the overall syndicated deduction

51. A practitioner who identifies potential criminal exposure in a syndicated 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 syndicated conservation easement matter generally requires the accountant's analysis to be:

A. Conducted entirely independently of any attorney direction or involvement whatsoever
B. Shared freely and openly with the IRS as the analysis progresses
C. Focused exclusively on matters having no connection whatsoever to any legal advice
D. Directed by the attorney and genuinely connected to assisting the attorney's legal advice on the matter

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

A. Only the taxpayer's own general assertion the arrangement was properly structured with no supporting documentation
B. Only the promoter's general marketing materials describing its overall investment philosophy
C. The offering memorandum, appraisal report, and documentation supporting the property's genuine conservation purpose
D. Only the taxpayer's personal opinion regarding the overall fairness of conservation easement rules

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

A. Only easements granted before versus after a specific arbitrary calendar date unrelated to the requirements
B. Only easements located in one specific state versus easements located in another specific state
C. Only easements with a name containing the word "syndicated" versus easements without that word

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

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

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

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

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 syndicated conservation easement matter should generally include documenting:

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

B. The specific offering structure and its implications for the applicable statutory qualification requirements

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

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 syndicated easement 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. Only the specific promoter organization the taxpayer originally worked with for the syndication

D. The specific reliance on qualified advisors and promoters, and the reasonableness of that reliance given the circumstances

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

A. Careful, thorough fact development before committing to a specific strategic approach

B. Immediate commitment to a specific strategy before any meaningful fact development has occurred

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 syndicated conservation easement matter ultimately aims to ensure the taxpayer's qualification position is:

A. Automatically favorable to the taxpayer regardless of what the actual facts developed ultimately show

B. Automatically unfavorable to the taxpayer whenever a syndication is involved, regardless of the actual facts

C. Genuinely supported by the actual facts developed, not assumed based on the mere fact the taxpayer invested in the syndication

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 syndicated conservation easement matter should generally reflect an understanding that these arrangements:

A. Are never actually subject to any heightened IRS scrutiny beyond what applies to any routine matter

B. Warrant heightened scrutiny given the IRS's stated concerns, requiring careful, thorough documentation

C. Never actually warrant any additional documentation beyond what a routine matter would require

D. Are legally prohibited from ever being examined by the IRS under any circumstances whatsoever

61. A taxpayer's short-term payment plan proposal for a taxpayer with a disallowed syndicated 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 syndicated 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 promoter'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 arrangement's original valuation was performed

63. A taxpayer's offer in compromise for a taxpayer with a disallowed syndicated 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 arrangement's originally claimed deduction amount from the disallowed transaction itself
C. Only the specific promoter's own general fee schedule for facilitating the syndication
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 syndicated conservation easement deduction generally attaches:

A. Only to the specific syndication interest 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 syndication interest, since disallowed deductions are treated as exempt
D. Only to the promoter's own separate corporate assets used to facilitate the transaction

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

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

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

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

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

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

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

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

C. Only the specific promoter'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 syndicated conservation easement deduction should generally raise the specific issue of:

A. Only the taxpayer's general personal opinion regarding the fairness of syndicated arrangements generally

B. Only the specific total number of years the taxpayer has invested in syndications generally

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

D. Only the specific federal agency responsible for regulating syndicated arrangements generally

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

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

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

C. An issue that only arises for taxpayers who have previously claimed a syndicated deduction

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

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

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

B. Taxpayers claiming syndicated deductions are categorically exempt from any TFRP assessment whatsoever

C. TFRP liability is calculated using the same formula applied to calculate syndicated deduction amounts

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

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

A. Occurred during the promoter's normal business hours specifically

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

C. Genuinely concerned tax advice regarding the transaction, not merely general promoter or appraisal guidance

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 syndicated 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. Syndicated 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 syndicated conservation easement deduction should generally verify the examiner's:

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

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

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

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

73. A taxpayer's response to a 30-day letter proposing a syndicated 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 syndication issue before

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

D. The specific calendar month in which the syndication was formed happens to be convenient for the taxpayer

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

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

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

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

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

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

A. Only the taxpayer's own general, unsupported opinion regarding syndicated arrangements generally
B. The specific basis for disputing the examiner's factual findings regarding qualification or valuation
C. Only the total number of syndicated arrangements the taxpayer has participated in over a lifetime
D. Only the specific promoter the taxpayer originally worked with for the transaction

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

A. A clear presentation of the specific evidence supporting the easement's qualification and claimed valuation
B. Simply asserting the deduction was proper with no supporting evidence or documentation provided
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 syndicated conservation easement deduction dispute should generally be documented to specify:

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

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

A. Involves any syndicated arrangement whatsoever, since such arrangements are categorically excluded from this election

B. Requires the taxpayer to first obtain the IRS's own advance consent to elect this simplified procedure

C. Falls at or below the applicable dollar threshold, regardless of the underlying arrangement's complexity

D. Must involve a business entity specifically, since individual taxpayers cannot participate in syndicated arrangements

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

A. The easement's compliance with the applicable statutory qualification requirements under the governing rules

B. Only the taxpayer's own general, unsupported opinion regarding which treatment seems fairer

C. Only a demand that the examiner simply accept the taxpayer's proposed treatment without question

D. Only a general assertion that the examiner's proposed adjustment is obviously too large with no further detail

80. A taxpayer's Appeals settlement for a syndicated 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 syndicated arrangements generally

B. How the reduced allowed value was ultimately determined and the resulting recalculated deduction

C. Only the specific date the original easement grant first occurred

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 syndicated conservation easement deduction dispute should generally weigh whether:

A. A neutral mediator could genuinely help resolve the specific remaining factual disagreement over valuation

B. The specific mediator happens to have personal experience with land conservation organizations

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 syndicated 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. A hazards-of-litigation compromise recognizing genuine factual uncertainty regarding the valuation dispute

C. An automatic default rule the IRS applies to every single syndicated conservation easement deduction 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 syndicated 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 syndicated conservation easement deduction dispute should generally reflect an understanding that:

A. The IRS generally grants broad equitable exceptions to the statutory qualification requirements upon request

B. The qualification requirements are treated as merely advisory guidelines with no genuine enforcement consequence

C. Strict compliance with statutory qualification requirements is generally required, leaving little room for equitable exceptions

D. Courts routinely excuse noncompliant easements regardless of the taxpayer's specific circumstances

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

A. Only the federal portion, since state-level syndicated easement calculations are treated as automatically reliable
B. No portion of the return at all, since syndicated 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 syndicated conservation easement's claimed deduction illustrates the importance of reviewing:

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

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

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

88. A preparer's data security obligations for records supporting a complex syndicated 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 syndicated 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. Client base includes taxpayers with genuinely complex returns, such as those involving syndicated conservation easements

C. Background has actually been reviewed as part of the applicable application process

D. Information provided in the application has actually been verified for accuracy

90. A firm's decision to accept clients requiring syndicated 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 syndicated conservation easement deductions

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

A. Only the preparer's own general opinion regarding the complexity of syndicated arrangement rules generally

B. Only the specific promoter the taxpayer actually used to facilitate the syndication

C. The specific recognized exception category actually applicable, not the underlying complexity of the syndication issue itself

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. A documented lack of reliable internet access genuinely preventing electronic filing

C. The mere complexity of a client's syndicated conservation easement deduction, since complexity alone is not a recognized hardship category

D. A documented religious objection genuinely qualifying under the applicable recognized exception

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

A. Review the completed return, including the claimed deduction and Form 8283, before signing the authorization

B. Personally understand every technical detail of the appraisal calculation before signing the authorization

C. Obtain independent verification of the appraisal from a completely separate practitioner

D. Sign a supplemental form specifically acknowledging the syndication's inherent complexity

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

A. Extended to a longer period specifically because of the syndication's underlying complexity

B. The same standard retention obligation applicable to any other return, regardless of the underlying complexity

C. Waived entirely for returns involving syndicated arrangements given their genuinely specialized nature

D. Subject to a completely separate set of retention rules unique to syndicated easement returns specifically

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

A. Only whether the syndicated easement deduction happens to be favorable or unfavorable to the taxpayer

B. Only the specific total dollar amount of the resulting deduction claimed

C. Only whether the taxpayer has previously participated in a syndicated arrangement in any prior tax year

D. Whether the specific attachment requires separate transmittal under current applicable instructions

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

A. The overall total page count of the return remains identical to the original submission

B. The specific font used throughout the return remains unchanged from the original submission

C. The specific error identified in the rejection has been resolved without altering the substantive deduction position taken

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 syndicated 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. Automatic resubmission without any review, since syndication rejections are presumed to be simple errors

D. Escalation to a more experienced staff member familiar with the specific syndication rules involved

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

A. Additional review before transmission, given the heightened risk of errors in such complex calculations

B. No additional review of any kind, since e-file compliance training is treated as unrelated to substantive accuracy

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

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

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

Practice Exam 23: Answer Key and Explanations

1. B — A—Active status confirms the practitioner has genuinely satisfied the applicable renewal and continuing education requirements as of the most recent completed renewal cycle. It does not confirm the complete absence of any client complaint ever, does not reflect a specific formally ranked SEE score, and does not reflect any Commissioner's personal endorsement.

2. A — A—Such hours generally always genuinely and quite clearly qualify as general continuing education hours, provided the program otherwise genuinely meets applicable IRS-approved provider standards required. They are not automatically double-counted regardless of importance, do not automatically qualify as ethics-specific hours regardless of content, and can genuinely qualify toward the requirement.

3. D — D—This update should generally be completed promptly following the legal name change, through the applicable official IRS notification process available. It is not limited to waiting until the next renewal cycle, is not limited to responding only upon a specific inquiry, and does not require first obtaining new government identification.

4. C — C—This authority reflects consideration of whether the specific violation's genuine nature and circumstances warrant a less severe, non-public response instead of formal action. The practitioner's own procedural preference, the specific calendar month of the violation, and prior OPR interaction history are not themselves the substantive factors this decision turns on.

5. A — A—Due diligence always requires a reasonable inquiry into whether the claimed expenses genuinely qualify and actually exceed the applicable adjusted gross income threshold set. Direct provider verification is not required, automatic disallowance above an arbitrary amount is inappropriate, and no inquiry at all under any circumstances misstates this reasonable-inquiry standard.

6. B — A—Substantial authority may always be established through genuinely analogous authority and well-reasoned legal analysis, not requiring direct published guidance specifically on point here. Section 10.34 is not limited to positions with direct guidance, absence of direct guidance does not automatically preclude substantial authority, and the obligation is not entirely waived.

7. C — C—A computational error claim is treated as sufficiently distinct from a substantive original return position, falling within a recognized permitted contingent fee category. It is not treated identically to a substantive position, contingent fees are not prohibited in every other context, and the IRS does not specifically require this fee structure.

8. D — D—A minimum fee arrangement should be clearly disclosed to the client in advance, including the specific circumstances under which the minimum would genuinely apply here. Leaving the applicability deliberately vague, setting the fee at the highest conceivably tolerable amount, and relying entirely on a verbal understanding are all inappropriate approaches.

9. C — C—Such a comparison is always genuinely potentially misleading unless it is genuinely accurate and based on verifiable, representative data reflecting actual typical competitors present. This is not categorically exempt from scrutiny simply because competitors are unnamed, does not require every competitor's agreement, and is not automatically dismissed as harmless puffery.

10. D — D—This analysis evaluates whether the family relationship could reasonably be perceived as improperly influencing how the matter is actually handled by the practitioner. The adult child's own firm's fee amount, general unrelated communication between them, and years as a client there are not themselves the substantive factors this analysis turns on.

11. A — A—Proper documentation should always genuinely and clearly address the specific safeguards actually in place to prevent any genuine appearance of improper influence on the matter's handling. The practitioner's own opinion of the child's career success, the disputed dollar amount, and the relationship's timing relative to enrollment are not this required content.

12. B — B—Sound procedures always require disclosure of the relationship and a genuine evaluation of whether it actually presents a conflict given the specific circumstances involved here. Automatically declining every such matter regardless of circumstances, automatically accepting with no evaluation, and automatically delegating to a different firm are all inadequate, overly rigid approaches.

13. C — C—Contradictory statements about the same material fact genuinely suggest at least one was made with knowledge of its actual falsity, supporting this violation. Such statements are not automatically irrelevant to establishing the violation, are not limited to only the first statement made, and do not require a prior separate criminal conviction.

14. A — A—The practitioner should always genuinely undertake reasonable inquiry appropriate to the specific circumstances, rather than simply repeating entirely unverified client assertions without inquiry made. Independent verification through an unrelated third party is not always required, exclusive reliance with no inquiry is inappropriate, and a formal notarized affidavit is not required.

15. D — D—This separation allows the client to genuinely understand which portions of the analysis depend on facts that must actually be independently verified first. This is not a purely cosmetic formatting requirement, does not guarantee a favorable outcome regardless of whether facts hold, and does not eliminate the underlying analytical obligation.

16. B — B—Competence here always genuinely and quite clearly requires sufficient understanding of the international implications, or appropriate referral to a practitioner with relevant genuine international tax expertise available. 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 be based on genuine, verifiable data reflecting the firm's actual client base and genuine outcomes achieved over time. Substantially rounding up for impressiveness, categorically omitting all such claims, and basing the figure on a single favorable period rather than the overall record are all inappropriate approaches.

18. D — D—This obligation applies to such records provided they genuinely relate to a matter properly before the IRS that the current request actually concerns. It does not require the former client's specific separate advance consent, does not require a minimum five-year elapsed period, and does not require the former client to have become unreachable.

19. A — A—Failing to identify clearly applicable Saver's 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. C — C—Reevaluation is always warranted because the newly discovered creditor relationship may genuinely affect whether continued representation of either client remains appropriate here. 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 violation is always treated with particular seriousness because it involves a direct undermining of financial reporting systems genuinely designed to detect illicit activity generally. This is not unconnected to the practitioner's tax practice, does carry meaningful implications for client and system interests, and is genuinely addressed under Circular 230.

22. B — B—Confidentiality always applies to mediation-disclosed information subject to any applicable mediation confidentiality rules that may provide genuine additional protections available. Mediation communications are not treated as entirely without additional consideration, are not subject to a free-disclosure exception, and do not require the mediator's specific written consent for confidentiality to apply.

23. D — D—Declining continued representation upon such an instruction is an appropriate exercise of professional judgment consistent with Circular 230's overall standards set. There is no implied duty to follow any client instruction regardless of substance, this decision carries genuine professional significance, and no prior court ruling is required to properly decline.

24. C — C—This accuracy obligation extends to both the factual basis for the requested subordination 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. C — C—A suspension is imposed for a period reflecting OPR's genuine judgment regarding the appropriate duration to address the violation while allowing eventual return to practice. It is not a single fixed period identical regardless of severity, is not based on the practitioner's own preference, and is not based on the harmed client's own preference.

26. B — B—This penalty is generally subject to collection through applicable federal debt collection procedures, similar to how other debts owed to the federal government are collected. It is not purely symbolic with no collection mechanism, is not collected through a private agency retained personally by an attorney, and does carry genuine consequences for nonpayment.

27. A — A—OPR always considers whether reinstatement would be consistent with the public interest in maintaining confidence in the overall integrity of practice before the IRS itself. 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 evaluating whether the fiduciary duties owed as trustee could genuinely create competing obligations with the separate tax representation provided. Simply resigning with no disclosure at all, ignoring the trustee role as unrelated, and disclosing only upon a specific inquiry all fail to satisfy this proactive disclosure obligation.

29. B — B—An association-referred prospective client should undergo the same systematic conflict check applied to any other prospective client, regardless of how the client was actually obtained. Assuming automatic absence of conflict, skipping the check entirely, and relying exclusively on the association's own assurance are all inadequate approaches to this necessary check.

30. D — D—These obligations reflect the recognition that a functioning tax system depends on practitioners maintaining credibility with both the taxpayers represented and the IRS interacted with regularly. This is not about credibility with only taxpayers, only the IRS, or with neither, since credibility with both genuinely matters to the system's function.

31. A — A—This commitment reflects the understanding that professional discipline exists to protect the broader public's interest in a tax system where practitioners can genuinely be trusted. It does not exist solely to protect the practitioner's own reputation, is not solely about IRS institutional efficiency, and is not designed to protect competing practitioners' interests.

32. C — D—Identifying the specific designation always genuinely and clearly allows the IRS to confirm the representative genuinely holds a recognized credential authorizing practice before it. 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. D — A—A standard power of attorney always never truly authorizes executing a claim for refund on the taxpayer's behalf absent specific separate authorization for that heightened activity granted. 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 — A—The authorization's scope generally extends to matters genuinely arising from the same covered tax period, including a related deficiency proceeding for that year. There is no regulation treating every deficiency proceeding as an entirely new matter, such a proceeding is not automatically outside the scope, and resubmission is not required for this phase.

35. C — A—This specific circumstance is among the statutorily recognized tolling events under the applicable Code provisions addressing the pendency of a wrongful levy claim. Such claims are not always automatically granted, the assessment statute does apply to levy-related matters generally, and the IRS does have authority to address wrongful levy claims.

36. A — A—This request should be evaluated against whether declining would force a premature Tax Court petition before the taxpayer's position could be fully developed. It is not about forcing an unrelated matter's filing, is not about forcing a subsequent year's routine return filing, and is not about forcing a formal complaint against the agent.

37. D — D—Such a paper reflects IRS guidance on a recurring industry-wide issue, a genuinely relevant though not binding factor in the risk assessment the practitioner should weigh. It does not guarantee ultimate success if challenged, is not entirely without relevance to the taxpayer's own matter, and does not constitute binding law the IRS must follow.

38. A — A—Reliance on well-established industry custom, 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. B — B—A proper disclosure should reference the specific paper's position while explaining why the taxpayer's own facts genuinely differ or support a different result. Simply adopting the paper's position with no explanation, avoiding mention of it entirely, and asserting irrelevance with no explanation are all inappropriate approaches to this specific disclosure.

40. C — C—The genuine transparency and reliance on established industry custom always demonstrate a genuine absence of intent to conceal facts from the government agency. Industry custom does not automatically establish legal correctness, legal incorrectness alone does not always establish evasion, and courts are not required to automatically excuse any custom-consistent position.

41. A — A—TAS assessment includes evaluating whether the levy genuinely leaves the taxpayer without funds reasonably necessary for basic living expenses at this specific time. This is not about the representative's general fairness opinion, is not limited to merely the total dollar amount levied, and is not limited to prior levy history.

42. D — D—Such a TAO may generally direct the IRS to release the levy or adjust its scope consistent with the applicable hardship criteria actually established. 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. B — B—An EA's unlimited practice rights extend to a denial of a requested lien withdrawal, 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. C — C—A proper preliminary assessment confirms the specific arrangement's actual promotion structure and whether it may genuinely implicate abusive tax shelter concerns raised by the IRS. The promoter's general industry reputation, the taxpayer's opinion of syndicated arrangements generally, and the investor count alone are not themselves the substantive factors this assessment should focus on.

45. B — A—A thorough conflict check for this matter should extend to each individual investor, given their genuinely differing potential interests in the syndication's ultimate overall tax treatment. The syndication'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. D — A—This entry generally indicates the IRS determined the arrangement genuinely failed to satisfy the applicable statutory requirements, potentially including significant valuation issues raised. 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.

47. A — A—A proper challenge always genuinely focuses on identifying specific facts genuinely demonstrating the arrangement actually satisfied genuine qualification and valuation requirements disputed here. The taxpayer's general opinion of fairness, the examiner's years of experience, and the promoter's operating history are not themselves the substantive basis this challenge should focus on.

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

49. B — B—Proper documentation always clearly and quite specifically addresses the specific marketing materials and promised tax benefit ratios genuinely presented to investors at the actual original offering itself. Wedding venue choice, shared home decor taste, and vacation preferences are not themselves the substantive factors this specific promotion-related challenge should actually address.

50. A — A—A sound assessment weighs whether the arrangement's structure and marketing genuinely suggest a conservation purpose or instead a scheme generating inflated deductions. The specific promoter organization, 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. D — D—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. C — C—Proper documentation should always clearly and quite specifically include the offering memorandum, appraisal report, and documentation genuinely supporting the property's actual genuine conservation purpose actually claimed. A bare general assertion with no supporting documentation, the promoter's marketing materials, and the taxpayer's opinion of fairness are not themselves this required documentation.

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

55. A — 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. B — A—A thorough preliminary assessment should always clearly and specifically include documenting the specific offering structure and its genuine implications for the applicable statutory qualification requirements involved here. 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. D — D—Case-building for this reasonable cause claim should always clearly document the specific reliance on qualified advisors and promoters, and the genuine reasonableness of that reliance given circumstances. The taxpayer's own subjective belief alone, merely the deduction's total dollar amount, and merely the promoter used are not themselves this required documentation.

58. A — A—A sound approach reflects careful, thorough fact development before committing to a specific strategic approach for this genuinely complex syndicated 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. C — C—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 investment. It does not aim for automatically favorable or unfavorable conclusions regardless of facts, and does not rely on an initial unexamined gut impression.

60. B — B—This philosophy should always clearly and genuinely reflect the understanding that these arrangements warrant heightened scrutiny given the IRS's genuinely stated concerns, requiring careful documentation kept properly always. These arrangements are not free from heightened scrutiny, do warrant additional documentation, and the IRS is not prohibited from examining such matters.

61. A — A—This particular proposal should always very genuinely address whether the resulting additional tax liability genuinely affects the taxpayer's current available cash for payment here. 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 — A—This statement should always genuinely reflect the current financial picture, 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 promoter's own financial standing, and is not based on merely the appraiser used for the valuation.

63. D — D—This particular RCP calculation always requires very carefully reflecting the taxpayer's current actual assets and income, genuinely including any effect from the additional liability owed here now. The taxpayer's mere structural preference, the disallowed deduction's originally claimed amount, and the promoter's fee schedule are not themselves this specific relevant content.

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

65. A — A—This levy always generally is 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 promoter's approval to proceed.

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

67. C — C—This hearing should always genuinely raise the specific issue of whether the levy would create genuine hardship given the taxpayer's actual current financial circumstances. A general opinion about syndication fairness, total years investing in syndications, and the regulating agency's identity are not themselves the substantive issue this hearing should focus on.

68. D — D—TFRP always genuinely addresses unpaid employment trust fund taxes, a 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. D — D—TFRP liability always genuinely turns on control over trust fund tax payments, entirely unrelated to whether the person separately claimed a syndicated deduction of this kind. Syndicated deduction claims do not automatically increase TFRP exposure, claimants are not exempt from TFRP, and the two use entirely different calculation methods here.

70. C — C—Asserting this particular privilege always requires clearly establishing the communication genuinely concerned actual tax advice regarding the transaction's treatment, not merely general promoter guidance provided. Communication timing during the promoter'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 always genuinely 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.

72. A — A—A proper review always genuinely and carefully verifies the examiner's specific factual findings regarding the qualification or valuation issue actually cited as the disallowance's basis. 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. C — C—The response should always genuinely and quite clearly address whether the specific facts genuinely satisfy each applicable statutory qualification and valuation requirement actually disputed by the examiner here. A mere unspecified alternative treatment preference, the representative's prior general experience, and the syndication's convenient formation month are not themselves the substantive issue.

74. D — D—This should always genuinely prompt verification against the taxpayer's actual Form 8283 documentation and how the deduction was genuinely reported on the return. The promoter'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. B — B—A proper petition always genuinely and clearly identifies the specific basis for disputing the examiner's factual findings regarding the qualification or valuation issue disputed here. A general unsupported opinion about syndications, mere lifetime participation count, and merely the promoter used are not themselves the required substantive content this petition needs.

76. A — A—Preparation for this dispute should always genuinely include a clear presentation of the specific evidence 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. D — D—Proper settlement documentation should always genuinely and quite clearly specify the specific deduction amount ultimately allowed and the resulting genuine tax effect for the applicable year. The Officer's general personal preference regarding syndications, the specific conference room location, and the taxpayer's general satisfaction are not themselves this required documentation content.

78. C — C—The small tax case election always genuinely is available where the disputed amount falls at or below the applicable dollar threshold, regardless of the underlying complexity. Syndicated arrangements are not categorically excluded from this election, no advance IRS consent is required to elect it, and individual taxpayers can also participate in such arrangements.

79. A — A—A proper protest always genuinely and quite clearly cites specific evidence supporting the easement's genuine compliance with the applicable statutory qualification requirements set here now. 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. B — B—Proper documentation should always genuinely and quite clearly specify how the reduced allowed value was ultimately determined and the resulting genuine recalculated own deduction was actually reached here. The Officer's general philosophy regarding syndications, the original grant date, and the taxpayer's general satisfaction are not themselves this required documentation content.

81. A — A—This particular decision should always very genuinely weigh whether a neutral mediator could genuinely help resolve the specific remaining factual disagreement over the valuation disputed. 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. B — B—A partial IRS concession always genuinely and clearly 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 and quite clearly includes anticipating challenges to the easement's 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. C — C—This approach should always genuinely reflect the understanding that strict compliance with statutory requirements is generally required, leaving little room for equitable exceptions here. 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 — A—Manual review should always genuinely focus on Form 8283's appraisal summary section and whether it was completed consistent with the actual appraisal document itself. 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. D — D—This discovery always genuinely 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 investing in syndicated arrangements are all irrelevant to this genuine substantive single-entry review needed.

87. A — A—This obligation always genuinely and clearly applies to the return as a whole, genuinely including the specific Form 8283 documentation supporting the claimed deduction. 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 and quite clearly reflect the genuine sensitivity and complexity of the underlying appraisal and financial data actually involved. 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. B — B—Approval always genuinely and quite clearly reflects meeting suitability standards regardless of whether the applicant's own client base includes taxpayers with genuinely complex returns like syndicated easements. 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 genuinely and clearly include evaluating whether the firm genuinely has sufficient internal expertise or access to appropriate resources to competently handle these matters here. 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 always genuinely does not distinguish between routine returns and returns involving genuinely complex issues like syndicated 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. C — C—Form 8948 should always genuinely and quite clearly reference the specific recognized exception category actually applicable to the paper filing, not the underlying complexity itself here now. It should not merely reference the preparer's general opinion of syndication complexity, the specific promoter used, or the preparer's unrelated past filing history.

93. C — C—A waiver request should always genuinely not be based on the mere complexity of a client's syndicated 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. A — A—The taxpayer generally must always genuinely review the completed return, including the claimed deduction and Form 8283, before signing the Form 8879 authorization. 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. B — B—This retention obligation always genuinely and clearly is the same standard obligation applicable to any other return, regardless of the underlying syndication complexity actually involved. 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. D — D—This confirmation should always genuinely and clearly include checking whether the specific attachment genuinely requires separate Form 8453 transmittal under the current applicable instructions in effect. Whether the deduction is favorable or unfavorable, the specific deduction amount, and prior syndication history are all irrelevant to this specific transmittal requirement check.

97. C — C—Verification should always genuinely and quite clearly confirm the specific identified error has been resolved without inadvertently altering the substantive deduction position actually taken here. 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. D — D—A sound protocol should always genuinely and quite clearly include escalation to a more experienced staff member genuinely familiar with the specific syndication rules actually involved here. Automatic assignment regardless of experience, no differentiated protocol at all, and automatic resubmission without review all fail to appropriately address this specific complexity.

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

100. B — B—This overall commitment always genuinely reflects the recognition that genuine accuracy in complex matters requires the same careful compliance attention as any other filing. 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.