PRACTICE EXAM 28: ENROLLED AGENT PART 3 SIMULATION (100 QUESTIONS)

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

1. A practitioner's enrollment application generally requires the applicant to disclose any pending professional disciplinary investigation because such disclosure allows the IRS to:

A. Automatically deny the application regardless of the specific investigation's actual current status or ultimate merit presented currently overall
B. Evaluate whether granting enrollment while an unresolved investigation is pending would be premature under the circumstances presented
C. Notify the investigating body of the applicant's own pending enrollment application with the IRS at this time presented currently
D. Calculate a mandatory increased application fee based specifically on the nature of the pending investigation itself presented currently overall

2. A practitioner's continuing education hours earned through a course specifically addressing ethics generally must satisfy the separate ethics-specific requirement provided:

A. The practitioner simply purchased the course materials regardless of whether the material was ever actually reviewed by the practitioner
B. The ethics course happened to be developed by a provider located in the practitioner's own home state specifically at that time
C. The practitioner personally knows the specific course instructor from some prior unrelated professional context entirely at that time
D. The course genuinely focuses substantively on ethical obligations rather than merely mentioning ethics in passing during a broader technical course

3. A practitioner's obligation to update the IRS regarding a change in the practitioner's own professional liability insurance status generally exists because:

A. Insurance status is treated as more legally significant than a practitioner's own individual enrollment status generally overall presented

B. IRS regulations specifically require every practitioner to maintain a minimum, IRS-mandated insurance coverage amount at all times presented

C. Some IRS-facing programs or disclosures may reference insurance status, making accurate records genuinely important for practitioners

D. Failing to update the insurance status automatically triggers an immediate formal disciplinary proceeding against the practitioner involved presented

4. OPR's decision regarding whether to pursue a matter through formal disciplinary proceedings rather than issuing an informal caution letter generally reflects consideration of whether:

A. The conduct's genuine severity and potential harm warrant a more formal response than an informal caution could provide alone

B. Only the practitioner's own personal preference regarding which process OPR should actually pursue in the specific matter presented

C. Only the specific calendar month in which the underlying conduct happened to occur during that particular year presented currently overall

D. Only whether the practitioner has ever previously interacted with OPR in any capacity whatsoever before this specific matter presented

5. A practitioner's due diligence obligation regarding a client's claimed gambling loss deduction generally requires:

A. Independent verification directly with the specific casino or gambling establishment named in the client's records presented currently overall

B. Automatic disallowance of any gambling loss claim exceeding a specific fixed dollar amount overall presented currently overall presented currently

C. No inquiry whatsoever, since gambling loss claims are presumed accurate automatically by default presented currently overall presented currently overall

D. A reasonable inquiry into whether the claimed losses are genuinely substantiated and do not exceed reported gambling winnings

6. A practitioner's advice regarding a position with substantial authority generally accounts for whether a private letter ruling addressing the identical fact pattern was later revoked because:

A. Revoked private letter rulings are always treated as carrying the same weight as an active, unrevoked ruling on the topic presented
B. Revocation of a private letter ruling is treated as entirely irrelevant to any substantial authority determination whatsoever presented currently overall
C. A subsequently revoked ruling genuinely diminishes the reliability of relying on that ruling as authority for a current position
D. The signing obligation is entirely waived wherever any private letter ruling, revoked or not, exists on the specific issue presented

7. A contingent fee arrangement is generally permitted for representation regarding a claim for a refund arising from a carryback of a net operating loss because such claims are:

A. Treated as sufficiently distinct from an original substantive return position to fall within a recognized exception presented currently overall
B. Treated identically to an original return position under Circular 230's federal contingent fee rules generally overall presented currently overall
C. Prohibited in every context except the specific net operating loss carryback context described specifically here presented currently overall presented
D. Specifically required by the IRS to be handled on a contingent fee basis in every such instance presented currently overall presented

8. A practitioner's fee arrangement involving a value-based fee tied to the complexity of the matter rather than hours worked generally should be:

A. Left deliberately vague regarding which specific factors actually determine the value-based fee amount charged presented currently overall presented
B. Clearly explained to the client regarding the specific factors used to determine the fee's value-based amount presented currently overall

C. Set at the highest amount the practitioner believes the client might conceivably tolerate paying regardless of complexity presented currently overall
D. Structured with no written documentation at all, relying entirely on a verbal understanding between the parties presented currently overall

9. A practitioner's advertisement claiming the firm provides "guaranteed results" for penalty abatement requests is generally:

A. Misleading, since no practitioner can genuinely guarantee a specific outcome the IRS retains discretion to determine presented currently overall
B. Always permitted, since guarantee-based marketing language is categorically exempted from any scrutiny whatsoever presented currently overall presented
C. Permitted only if every single competing firm in the area formally agrees with the guarantee's accuracy presented currently overall presented currently
D. Irrelevant to Circular 230, since it is treated as harmless marketing puffery under all circumstances presented currently overall presented currently

10. A practitioner's conflict of interest analysis for representing a taxpayer in a matter where the practitioner's mentor now represents an adverse party generally should evaluate:

A. Only the specific total duration of the mentorship relationship between the two individuals involved historically presented currently overall presented
B. Only whether the practitioner personally still respects the mentor's professional judgment and reputation generally presented currently overall presented
C. Only the specific city in which the mentor currently practices and maintains an office presented currently overall presented currently overall
D. Whether the mentorship relationship could reasonably be perceived as affecting the practitioner's independent judgment in the current matter presented

11. A practitioner's written consent documentation for a conflict arising from a mentor's representation of an adverse party should generally address the specific:

A. Only the practitioner's own personal opinion of how successful the mentor's overall career has been generally presented currently overall presented

B. Only the specific total dollar amount the client's current matter involves in dispute at this particular time presented currently overall presented
C. Safeguards in place to prevent the mentorship relationship from improperly influencing the current matter's handling by the practitioner presented
D. Only whether the mentorship began before or after the practitioner's own enrollment as an EA specifically presented currently overall presented currently

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

A. Automatically declining every such matter regardless of the actual specific circumstances involved in the case presented currently overall presented
B. Requiring disclosure of the relationship and evaluation of whether it presents a genuine conflict for the current matter presented currently overall
C. Automatically accepting every such matter with no evaluation of any kind conducted by the firm at all presented currently overall presented
D. Delegating the entire matter automatically to a completely different, unrelated firm outside the practice entirely presented currently overall presented

13. A practitioner's Section 10.51(a)(4) violation for false statements generally may be established through the practitioner's submission of a return known to rely on an expired election that was never properly renewed, if the practitioner:

A. Simply used the same election treatment applied consistently in prior years without any further specific inquiry conducted presented currently overall
B. Had never personally prepared the original election form used in the underlying filing itself at that earlier time presented currently overall
C. Delegated the task of actually confirming the election's current status to a subordinate employee at the firm presented currently overall presented
D. Actually knew or recklessly disregarded that the election had genuinely expired and had not been properly renewed by the taxpayer

14. A practitioner's obligation regarding accuracy of representations generally requires distinguishing between a genuine legal argument for a favorable characterization and a representation the practitioner:

A. Made verbally and a statement the practitioner made in a formal written document submitted to the IRS instead presented currently overall
B. Knows misstates the underlying objective facts rather than merely arguing for a favorable characterization of those genuine facts presented currently overall
C. Made to a supervisory IRS employee and a statement made to a non-supervisory IRS employee instead presented currently overall presented currently overall
D. Made during business hours and a statement made outside of normal business hours entirely instead presented currently overall presented currently overall

15. A practitioner's written tax opinion should generally identify any material limitations on the scope of the review actually performed to:

A. Satisfy a purely cosmetic formatting requirement with no genuine substantive purpose whatsoever attached to the opinion presented currently overall
B. Guarantee the client a specific favorable outcome regardless of whether the limited scope actually captured all relevant facts presented currently overall
C. Allow the client to genuinely understand what the opinion did and did not actually examine before relying on its conclusions presented
D. Eliminate the practitioner's own underlying obligation to conduct genuine, substantive analysis of the matter presented currently overall presented currently overall

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

A. Sufficient understanding of the tariff implications, or appropriate referral to a practitioner with relevant expertise in that area presented
B. Automatic acceptance of the matter regardless of the practitioner's actual familiarity with tariff and customs rules presented currently overall presented
C. Automatic decline of the matter with no possibility of developing the needed understanding at all presented currently overall presented currently overall
D. Reliance exclusively on the client's own understanding of the applicable tariff and customs implications involved presented currently overall presented currently overall

17. A practitioner's advertising claim regarding the firm's specific number of IRS audits successfully navigated should generally be:

A. Rounded up substantially to present a more impressive-sounding figure to prospective clients considering the firm presented currently overall presented currently overall
B. Omitted entirely from all advertising, since audit-count claims are categorically prohibited under Circular 230 presented currently overall presented currently overall
C. Based on genuine, verifiable engagement records reflecting the firm's actual audit representation experience over a defined period presented currently
D. Based on a single, particularly favorable matter rather than the firm's overall genuine track record achieved presented currently overall presented currently overall

18. A practitioner's Section 10.20 obligation regarding record submission generally applies regardless of whether the practitioner believes the request is unnecessary because:

A. The obligation attaches to lawful, proper requests from an authorized IRS employee, not to the practitioner's own subjective assessment of necessity
B. IRS regulations specifically require the practitioner to first agree the request is genuinely necessary before any submission is required at all presented
C. A practitioner's belief the request is unnecessary is treated as an automatic, complete defense against the submission obligation entirely presented currently overall
D. The obligation applies only where the practitioner independently concludes producing the records would genuinely be beneficial to the taxpayer's own interests presented

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

A. An entirely acceptable practice, since practitioners bear no obligation to identify every possible credit available to clients presented currently overall
B. A matter completely outside any Circular 230 concern whatsoever regarding the practitioner's overall conduct in the matter presented currently overall
C. Relevant only if the client can affirmatively prove the practitioner deliberately withheld this specific information from them presented currently overall presented

D. A potential shortfall in the competence and diligence Circular 230 expects of practitioners generally throughout their practice presented currently overall

20. A practitioner's conflict of interest evaluation should generally be repeated where an existing client's matter reveals the client has become a landlord to another existing client's business because:

A. IRS regulations specifically mandate an entirely new engagement letter for every newly discovered landlord-tenant relationship presented currently overall presented currently overall

B. The newly discovered landlord-tenant relationship may genuinely affect whether continued representation of either client remains appropriate presented currently overall

C. Discovering this relationship automatically and categorically terminates both pre-existing engagements entirely and immediately presented currently overall presented currently overall

D. Clients specifically expect and demand a fresh conflict evaluation memo for every such discovery made during representation presented currently overall presented currently overall

21. A practitioner's disreputable conduct violation involving knowingly assisting a client in claiming a business expense deduction for a purely personal expenditure generally is evaluated with particular seriousness because it involves:

A. A matter having no genuine connection whatsoever to the practitioner's actual tax practice at all overall presented currently overall presented currently

B. A direct mischaracterization that strikes at the core factual accuracy the tax reporting system genuinely depends upon presented currently overall presented

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

D. A category of conduct Circular 230 does not actually address or regulate in any meaningful way overall presented currently overall presented currently

22. A practitioner's obligation to maintain confidentiality of client information generally applies to information the practitioner learns incidentally while performing unrelated administrative tasks for the firm, because:

A. Incidentally learned information is treated as categorically outside the scope of confidentiality since it was not the direct focus of any task presented

B. An exception allows free disclosure of any information learned incidentally during administrative tasks to any interested third party presented currently overall

C. Confidentiality attaches to information genuinely learned during the course of the representation, regardless of the specific task being performed when learned

D. An exception applies only where the client specifically requests incidentally learned information be treated as confidential in writing presented currently overall

23. A practitioner's decision to decline continuing representation upon learning the client has been using the practitioner's advice to structure transactions specifically to mislead a third-party lender is generally:

A. An appropriate exercise of professional judgment consistent with Circular 230's overall standards for practitioners presented currently overall presented currently overall

B. A violation of an implied duty to continue any representation regardless of how the client uses the practitioner's advice elsewhere presented currently overall

C. Irrelevant to Circular 230, since declining continued representation carries no professional significance whatsoever presented currently overall presented currently overall

D. Permitted only if the practitioner first obtains a formal court ruling confirming the lender was actually misled by the transaction presented currently overall

24. A practitioner's obligation regarding accuracy of representations extends to a formal request for a determination letter regarding an organization's tax-exempt status to the extent the request concerns:

A. Only the factual basis for the requested determination, never any characterization offered by the practitioner filing the request presented currently overall presented

B. Only any characterization offered, never the factual basis for the requested determination itself in the matter presented currently overall presented currently overall

C. Neither category, since accuracy obligations apply only to numerical calculations specifically involved overall in the matter presented currently overall presented currently

D. Both the factual basis for the requested determination and any characterization of the underlying facts offered by the practitioner filing presented currently overall

25. A practitioner's suspension sanction generally is imposed with a period reflecting OPR's judgment regarding the appropriate duration to address the specific violation, considering that:

A. The practitioner has never previously been the subject of any prior disciplinary matter of any kind whatsoever presented currently overall presented currently overall

B. A duration too short might not adequately address the violation, while one too long might exceed what the violation actually warrants

C. The practitioner's own personal preference is to have a specific, predetermined duration imposed rather than an open-ended suspension presented currently overall

D. The harmed client's own personal preference is to have a specific, predetermined duration imposed rather than an open-ended suspension presented currently overall

26. A practitioner's monetary penalty under Section 10.50 generally may be assessed in addition to requiring the practitioner to disgorge fees earned from the underlying violation because:

A. The penalty and disgorgement serve genuinely distinct purposes, with disgorgement addressing unjust enrichment and the penalty addressing the violation itself

B. OPR is legally required to impose every available remedy simultaneously in every single disciplinary matter presented currently overall presented currently overall

C. Disgorgement automatically triggers a mandatory, identical monetary penalty in every case where it is imposed by OPR presented currently overall presented currently overall

D. The monetary penalty becomes legally unavailable once any disgorgement has actually been separately ordered for the same conduct presented currently overall presented currently overall

27. A practitioner's reinstatement following disbarment generally requires OPR to weigh the specific harm the original violation caused against:

A. Only the practitioner's own personal financial need to resume practicing before the IRS at this point matters presented currently overall presented currently overall

B. Only the specific number of years that have elapsed since the disbarment was originally imposed matters overall presented currently overall presented currently overall

C. Only the practitioner's own personal opinion regarding whether the original sanction was genuinely fair matters overall presented currently overall presented currently overall

D. The genuine evidence of rehabilitation and the practitioner's demonstrated understanding of the professional obligations that were originally violated

28. A practitioner's obligation to disclose a conflict extends to a conflict arising from the practitioner's role as a paid speaker at events sponsored by a company whose products the practitioner recommends to clients, requiring the practitioner to generally:

A. Simply decline all future speaking engagements entirely with no disclosure or evaluation ever required at all in the matter presented currently overall
B. Ignore the speaking relationship entirely, since it is treated as unrelated to the tax representation itself in the matter presented currently overall presented
C. Disclose the paid speaking relationship and evaluate whether it could improperly influence the specific product recommendation given to clients presented currently overall
D. Disclose only to clients who specifically and independently ask about the practitioner's speaking engagements in general presented currently overall presented currently overall

29. A practitioner's overall approach to identifying potential conflicts for a matter involving a client obtained through the practitioner's own alumni network should generally include:

A. An assumption that a fellow-alumnus client automatically presents no possible conflict of any kind whatsoever in the matter presented currently overall presented
B. The same systematic conflict check applied to any other matter, regardless of how the client was actually met by the practitioner presented currently overall
C. Skipping the conflict check entirely, since fellow-alumnus clients are presumed to be pre-vetted already through the shared network presented currently overall presented
D. Relying exclusively on the practitioner's own personal judgment that no conflict genuinely exists in this specific instance presented currently overall presented currently overall

30. A practitioner's overall professional obligations under Circular 230 reflect a recognition that a genuinely functioning tax administration system requires practitioners to serve simultaneously as:

A. Only client advocates, with no genuine concern regarding the accuracy of the underlying tax system's self-reporting function whatsoever presented currently overall
B. Only honest system participants, with no genuine concern regarding advocating for the client's own legitimate interests whatsoever presented currently overall presented
C. Client advocates within the bounds of the law and honest participants in a system that depends on accurate self-reporting overall presented currently overall

D. Neither client advocates nor honest system participants, since practitioners bear no genuine dual role in this framework at all presented currently overall

31. A practitioner's overall commitment to Circular 230's standards ultimately reflects an understanding that professional discipline serves a genuinely corrective, not merely punitive, function because:

A. The goal is generally to protect the public and improve future compliance, not simply to punish the practitioner for past conduct alone presented currently overall
B. Only the individual practitioner's own personal professional reputation and standing matters in this disciplinary framework at all presented currently overall presented
C. Only the IRS's own narrow institutional interest in efficient case processing matters in this disciplinary framework at all presented currently overall presented
D. Only competing practitioners' interests in a level playing field within the profession matter in this disciplinary framework at all presented currently overall

32. A taxpayer's power of attorney should generally include the taxpayer's own current mailing address to:

A. Satisfy a purely arbitrary IRS formatting preference carrying no genuine substantive purpose whatsoever attached to the form presented
B. Allow the IRS to calculate the practitioner's applicable continuing education fee more accurately based on the address stated presented
C. Determine which specific IRS office will ultimately be assigned to process the authorization based on the taxpayer's address presented
D. Ensure the IRS has accurate contact information for the taxpayer independent of the representative's own address on file

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

A. Sign a closing agreement on the taxpayer's behalf absent specific separate authorization for that particular activity presented currently overall
B. Discuss the specifically covered matters with the assigned IRS employee handling the matter under review currently presented currently overall

C. Receive copies of notices regarding the specifically covered matters sent by the IRS during the proceeding overall presented currently overall
D. Advocate the taxpayer's position at a scheduled examination interview held with the examiner assigned to the case presented currently overall

34. A taxpayer's power of attorney generally is treated as covering a related trust fund recovery penalty investigation for the same underlying business tax period because:

A. IRS regulations specifically require every trust fund recovery penalty investigation to be treated as an entirely new, unrelated matter presented
B. A trust fund recovery penalty investigation is treated as automatically and categorically outside the original authorization's scope entirely presented currently
C. The authorization's scope generally extends to matters genuinely arising from the same covered underlying tax period at issue presented currently
D. The taxpayer must affirmatively resubmit an identical authorization for the trust fund recovery penalty investigation phase specifically presented currently overall

35. A taxpayer's assessment statute of limitations generally is tolled during the period a taxpayer is deemed to be a fugitive from justice under applicable Code provisions because:

A. Fugitive status is always automatically resolved quickly, eliminating any need for tolling consideration entirely in every case presented currently overall
B. The assessment statute never applies to any matter involving a taxpayer with fugitive status of any kind whatsoever presented currently overall presented
C. The IRS lacks any authority whatsoever to address matters involving a taxpayer's fugitive status generally presented currently overall presented currently overall
D. This specific circumstance is among the statutorily recognized tolling events affecting the assessment statute directly and completely presented currently overall

36. A taxpayer's Form 872 extension request should generally be evaluated by the practitioner against whether the extension would allow time for:

A. An entirely unrelated matter having no genuine connection to the current examination at issue currently presented currently overall presented currently overall

B. A pending change in applicable law or regulation to take effect that could favorably affect the taxpayer's own position presented currently overall
C. A routine annual return for a subsequent, unrelated tax year not currently under examination presently presented currently overall presented currently overall
D. A formal complaint against the specific examining agent handling the current matter under review currently presented currently overall presented currently overall

37. A taxpayer's position supported by a formal Notice issued by the IRS addressing an emerging issue generally reflects:

A. A guarantee the taxpayer's identical position will ultimately succeed if formally challenged by the examiner assigned to the matter presented currently overall
B. The IRS's own current interpretive guidance on the issue, a genuinely relevant though evolving factor in the overall risk assessment presented currently
C. No relevance whatsoever to the taxpayer's own current matter or risk assessment under any circumstances presented currently overall presented currently overall
D. Binding law the IRS is legally required to follow in every subsequent, unrelated case presented currently overall presented currently overall presented currently overall

38. A taxpayer's reliance on a position supported by informal guidance published on the IRS's own website, absent formal published guidance directly on point, generally reflects:

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

39. A taxpayer's disclosure of a position through Form 8275 involving reliance on informal IRS website guidance generally should include:

A. Only the taxpayer's personal opinion regarding whether the IRS will ultimately accept the disclosed position based on the guidance presented currently overall

B. Only a general statement that some unspecified position is being disclosed with no further detail given about the guidance presented currently overall

C. A guarantee the disclosed position will definitely withstand any subsequent IRS challenge that may be raised based on the guidance presented currently overall

D. A citation to the specific webpage and a description of how its content applies to the taxpayer's own facts presented currently overall

40. A taxpayer's genuinely good-faith reliance on informal IRS website guidance, later found inconsistent with formal published guidance, generally distinguishes the taxpayer from evasion because:

A. The reliance itself demonstrates an absence of intent to conceal facts, even where the informal guidance ultimately proved inconsistent with formal authority

B. Informal website guidance is automatically treated as legally binding regardless of the IRS's own actual formal published position on the issue presented

C. Legal incorrectness alone, regardless of good faith, is always sufficient to establish evasion under the applicable standard used generally presented currently overall

D. Courts are legally required to excuse any position consistent with informal guidance the IRS has ever published on its own website presented currently overall

41. The Taxpayer Advocate Service's role in addressing a taxpayer's hardship arising from a delayed penalty abatement determination generally includes assessing:

A. Only whether the taxpayer's representative believes the delay is generally unfair as a broader policy matter overall presented currently overall presented currently overall

B. Only the specific total dollar amount of the penalty at issue, with no further inquiry into actual impact needed at all presented currently overall

C. Whether the delay is causing genuine, documented financial hardship beyond ordinary inconvenience experienced by the taxpayer presented currently overall presented currently overall

D. Only whether the taxpayer has previously requested a penalty abatement in any prior tax year altogether presented currently overall presented currently overall presented

42. A Taxpayer Assistance Order addressing a delayed penalty abatement determination generally may direct the IRS to:

A. Automatically grant the taxpayer's underlying substantive claim regardless of its actual legal merits presented currently overall presented currently overall presented
B. Waive the taxpayer's underlying tax liability entirely regardless of its actual legal correctness overall presented currently overall presented currently overall presented
C. Terminate the employment of the specific IRS employee responsible for the processing delay entirely at once presented currently overall presented currently overall presented
D. Expedite the determination consistent with the applicable hardship criteria actually established in the taxpayer's specific matter presented currently overall presented

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 trust fund recovery penalty matters of any kind whatsoever presented currently overall presented currently overall presented
B. A denial of a requested trust fund recovery penalty appeal, in addition to other tax matters generally throughout the practice presented currently overall
C. Only matters the EA personally prepared the underlying filing for at the time of the original filing presented currently overall presented currently overall
D. Only matters involving amounts below a specific dollar threshold established for this specific purpose presented currently overall presented currently overall presented

44. A practitioner's preliminary assessment of a new matter involving a taxpayer's proposed installment sale of real property should generally include confirming:

A. The specific terms satisfy the applicable requirements for installment method reporting under the governing statutory provisions presented currently overall presented
B. Only the specific real estate agent's overall general reputation in the industry at the current time presented currently overall presented currently overall
C. Only the taxpayer's personal opinion regarding installment sales generally as a strategy for the property transaction presented currently overall presented currently overall
D. Only the specific number of years the taxpayer has owned the property being sold under the installment arrangement presented currently overall presented currently overall

45. A conflict check's scope for a matter involving multiple parties to the same installment sale transaction should generally extend to:

A. Each individual party, given their potential differing interests in the transaction's ultimate tax treatment and reporting requirements presented currently overall
B. Only the transaction's own formal legal description, with no inquiry into individual party participants involved presented currently overall presented currently overall
C. Only the specific county in which the underlying real property is located at the current time presented currently overall presented currently overall presented
D. Only the total dollar value of the overall installment sale transaction at the current time presented currently overall presented currently overall presented

46. A taxpayer's account transcript entry reflecting an adjustment for improperly reported installment sale gain generally indicates:

A. An automatic, complete forgiveness of any resulting tax liability regardless of the adjustment made currently presented currently overall presented currently overall
B. An entry unrelated to any actual IRS action, requiring no further explanation at all needed currently presented currently overall presented currently overall
C. The IRS identified gain that was not properly recognized in accordance with the applicable installment method reporting rules presented currently overall presented
D. A penalty specifically assessed against the taxpayer for having entered into the installment sale arrangement generally presented currently overall presented currently overall

47. A practitioner's analysis challenging a proposed adjustment involving improperly reported installment sale gain should generally focus on:

A. Only the taxpayer's personal opinion regarding whether the adjustment is generally fair to the taxpayer presented currently overall presented currently overall presented
B. Identifying specific facts demonstrating the gain recognition genuinely complied with the applicable installment method rules involved presented currently overall presented
C. Only the specific examiner's overall years of experience conducting examinations of similar matters presented currently overall presented currently overall presented currently

D. Only the specific real estate agent's overall stock market performance during the relevant period presented currently overall presented currently overall presented currently

48. A requesting spouse's Innocent Spouse Relief claim involving improperly reported installment sale gain the other spouse solely controlled generally should address:

A. Only the requesting spouse's personal opinion regarding installment sales generally as a transaction structure presented currently overall presented currently overall presented
B. Only the couple's total combined years of marriage before the installment sale transaction began originally presented currently overall presented currently overall presented
C. Only the requesting spouse's current occupation and specific employer at the present time currently presented currently overall presented currently overall presented
D. Whether the requesting spouse had actual knowledge of the reporting decisions generating the adjustment at issue in the matter presented currently overall

49. A practitioner's documentation for a matter involving a challenge to an installment sale gain reporting adjustment should generally address the specific:

A. Only the couple's original choice of wedding venue and related details from that occasion presented currently overall presented currently overall presented currently overall
B. Only the couple's shared taste in home decor and furnishings throughout their residence presented currently overall presented currently overall presented currently overall
C. Only the couple's preferred vacation destinations over the years they have been married presented currently overall presented currently overall presented currently overall
D. Payment schedule and gross profit ratio calculation measured against the applicable statutory reporting requirements governing the transaction presented currently overall

50. A practitioner's early assessment of potential criminal exposure in a matter involving an installment sale gain reporting error should generally weigh:

A. Whether the taxpayer's reporting reflects genuine good-faith confusion or deliberate manipulation of the gain recognition timing to avoid taxation presented currently overall
B. Only the specific real estate agent involved in facilitating the underlying transaction currently presented currently overall presented currently overall presented currently

C. Only the client's overall general demeanor during a single initial consultation meeting held currently presented currently overall presented currently overall presented
D. Only the specific total number of years the taxpayer participated in the installment sale arrangement generally presented currently overall presented currently overall presented

51. A practitioner who identifies potential criminal exposure in an installment sale matter should generally avoid:

A. Advising the client to consult with counsel experienced in tax controversy matters generally presented currently overall presented currently overall presented currently
B. Documenting the specific reasoning behind any referral made to specialized counsel for the matter presented currently overall presented currently overall presented currently
C. Advising the client to simply amend returns without first considering the full scope of the potential exposure identified currently presented currently overall presented
D. Continuing to handle unrelated civil matters for the client within the practitioner's actual competence presented currently overall presented currently overall presented currently

52. A Kovel arrangement's application to an installment sale matter generally requires the accountant's analysis to be:

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

53. A practitioner's case-building documentation for an installment sale matter should generally include:

A. Only the taxpayer's own general assertion the sale was properly reported with no supporting documentation given presented currently overall presented currently overall

B. The sale agreement, payment records, and calculations supporting the actual gross profit ratio applied to each payment received presented currently overall
C. Only the real estate agent's general marketing materials describing the overall property listing itself presented currently overall presented currently overall presented
D. Only the taxpayer's personal opinion regarding the overall fairness of installment sale reporting rules presented currently overall presented currently overall presented

54. A practitioner's overall case assessment for an installment sale matter should generally distinguish between:

A. The portion of each payment representing gain and the portion representing genuine basis recovery under the applicable ratio presented currently overall presented
B. Only payments received before versus after a specific arbitrary calendar date unrelated to the reporting rules presented currently overall presented currently overall
C. Only payments deposited into one specific bank account versus payments deposited into another separate account presented currently overall presented currently overall
D. Only payments from a buyer with an odd-numbered address versus a buyer with an even-numbered address presented currently overall presented currently overall

55. A practitioner's overall case-building strategy for a matter involving numerous installment payments requiring individual gain calculations should generally include:

A. Only a narrative description with no systematic tracking of any kind provided at all in the matter presented currently overall presented currently overall
B. Only the buyer's own proposed characterization of each payment, accepted without independent review conducted by the practitioner presented currently overall presented currently overall
C. A systematic spreadsheet or similar tool tracking each payment's date, amount, and the resulting gain and basis recovery portions presented currently overall
D. Avoiding any systematic tracking entirely to prevent inviting additional scrutiny from the examiner presented currently overall presented currently overall presented currently overall

56. A practitioner's overall preliminary case assessment process for an installment sale matter should generally include documenting:

A. Only the practitioner's own personal fee arrangement for handling the specific matter at issue presented currently overall presented currently overall presented currently overall
B. Only the specific software the practitioner intends to use going forward in the matter presented currently overall presented currently overall presented currently overall
C. Only the client's general overall satisfaction with the practitioner's services to date so far presented currently overall presented currently overall presented currently overall
D. The specific sale terms and their implications for the applicable gross profit ratio and reporting timing rules presented currently overall presented currently overall

57. A practitioner's case-building work for a matter involving a taxpayer's claimed reasonable cause for an installment sale reporting error should generally document:

A. Only the taxpayer's own personal, subjective belief that reasonable cause genuinely exists in the matter presented currently overall presented currently overall presented
B. Only the specific total dollar amount of the gain at issue in the matter presented currently overall presented currently overall presented currently overall presented
C. The specific reliance on qualified advisors and the reasonableness of that reliance given the circumstances presented at the time presented currently overall
D. Only the specific real estate agent the taxpayer originally used for the underlying property transaction presented currently overall presented currently overall presented currently overall

58. A practitioner's overall approach to preliminary case assessment for a genuinely complex multi-payment installment sale matter should generally reflect:

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

59. A practitioner's case-building process for an installment sale matter ultimately aims to ensure the taxpayer's gain reporting position is:

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

B. Genuinely supported by the actual facts developed, not assumed based on the mere fact an installment sale occurred presented currently overall presented

C. Automatically unfavorable to the taxpayer whenever an installment sale occurs, regardless of the actual facts present presented currently overall presented currently overall

D. Based primarily on the practitioner's own initial gut impression formed before any fact development occurs presented currently overall presented currently overall presented currently

60. A practitioner's overall case-building philosophy for an installment sale matter should generally reflect an understanding that the applicable rules:

A. Involve precise, calculation-intensive requirements warranting careful, accurate documentation of each payment received under the arrangement presented currently overall

B. Apply flexibly on a case-by-case basis with no genuine precise calculation requirements actually involved at all presented currently overall presented currently overall

C. Never actually warrant any additional documentation beyond what a routine matter would require generally presented currently overall presented currently overall presented currently overall

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

61. A taxpayer's short-term payment plan proposal for a taxpayer with an installment sale gain reporting adjustment generally should address:

A. Whether the resulting additional tax liability affects the taxpayer's current available cash for payment made currently overall presented currently overall

B. Only the taxpayer's personal preference for the specific word "short-term" over other terminology used presented currently overall presented currently overall

C. Only the taxpayer's total combined assets regardless of their actual liquidity or availability at present presented currently overall presented currently overall

D. Only the taxpayer's overall credit score as reported by a private credit bureau currently presented currently overall presented currently overall presented

62. A taxpayer's non-streamlined installment agreement for a taxpayer with an installment sale gain reporting adjustment generally requires the Collection Information Statement to reflect:

A. Only the taxpayer's financial position exactly as it existed before the gain reporting adjustment was ever made presented currently overall presented currently overall
B. The current financial picture, including any additional tax liability resulting from the gain reporting adjustment made currently overall presented currently overall
C. Only the specific real estate agent's own general financial standing and reputation currently at this time presented currently overall presented currently overall
D. Only the specific bank through which the installment payments were originally deposited by the buyer presented currently overall presented currently overall presented

63. A taxpayer's offer in compromise for a taxpayer with an installment sale gain reporting adjustment generally requires the RCP calculation to reflect:

A. Only the taxpayer's personal preference for how the RCP calculation should ultimately be structured overall presented currently overall presented currently overall
B. Only the sale's originally reported gain amount from the earlier, already-completed reporting activity presented currently overall presented currently overall presented
C. The taxpayer's current actual assets and income, including any effect from the additional tax liability owed as a result presented currently overall
D. Only the specific real estate agent's own general fee schedule for facilitating the installment sale transaction presented currently overall presented currently overall

64. A lien filed against a taxpayer's assets following an installment sale gain reporting adjustment generally attaches:

A. Only to the specific installment note receivable itself, not to the taxpayer's other separate assets held elsewhere presented currently overall presented
B. To neither the taxpayer's own assets nor the installment note, since adjustments are treated as exempt from lien attachment presented currently overall
C. Only to the real estate agent's own separate corporate assets used to facilitate the underlying transaction presented currently overall presented currently overall

D. To the taxpayer's own property and rights to property, consistent with general federal tax lien principles applying broadly presented currently overall

65. A levy on a taxpayer's assets following an installment sale gain reporting adjustment generally is subject to:

A. The same general levy procedures and exemptions applicable to any other tax liability the taxpayer owes overall presented currently overall presented currently overall
B. An automatic exemption from levy specifically because the underlying liability arose from an installment sale gain reporting adjustment presented currently overall
C. A mandatory waiting period of exactly one full year following the adjustment before any levy may occur currently presented currently overall presented currently
D. Approval requirements from the real estate agent before any levy may actually proceed against the taxpayer presented currently overall presented currently overall

66. A Currently Not Collectible determination for a taxpayer with a significant liability from an installment sale gain reporting adjustment generally requires evaluating:

A. Only the original reported gain amount from the now-adjusted installment sale itself completed presented currently overall presented currently overall presented
B. Only the specific real estate agent's own general reputation in the industry currently at this time presented currently overall presented currently overall presented
C. The taxpayer's current genuine ability to pay, not the original amount of the gain originally reported on the return presented currently overall
D. Only whichever figure the taxpayer happens to personally prefer be used for this determination generally presented currently overall presented currently overall presented

67. A taxpayer's CDP hearing addressing a proposed levy following an installment sale gain reporting adjustment should generally raise the specific issue of:

A. Only the taxpayer's general personal opinion regarding the fairness of installment sale reporting rules generally presented currently overall presented currently overall
B. Only the specific total number of years the taxpayer has participated in installment sale transactions generally presented currently overall presented currently overall

C. Only the specific federal agency responsible for regulating installment sale transactions generally presented currently overall presented currently overall presented currently overall
D. Whether the levy would create genuine hardship given the taxpayer's actual current financial circumstances presented currently overall presented currently overall presented

68. A TFRP assessment is generally unrelated to an installment sale gain reporting adjustment matter because TFRP addresses:

A. The exact same underlying tax issue a gain reporting adjustment itself addresses, applied to a different taxpayer type presented currently overall presented currently overall
B. Unpaid employment trust fund taxes, a distinct issue from the individual income tax consequences of an installment sale gain adjustment presented currently overall
C. A penalty specifically triggered whenever an installment sale gain reporting adjustment occurs for any taxpayer generally presented currently overall presented currently overall
D. An issue that only arises for taxpayers who have previously entered into an installment sale transaction generally presented currently overall presented currently overall

69. A responsible person's TFRP liability generally is unrelated to whether the person separately entered into an installment sale transaction because:

A. TFRP liability turns on control over trust fund payments, not on the person's own separate installment sale transaction participation presented currently overall
B. Installment sale transaction participation automatically increases the responsible person's TFRP exposure regardless of any other factor present presented currently overall
C. Participants in installment sale transactions are categorically exempt from any TFRP assessment whatsoever under the applicable rules presented currently overall presented
D. TFRP liability is calculated using the same formula applied to calculate installment sale gain reporting amounts presented currently overall presented currently overall

70. A practitioner's Section 7525 privilege claim regarding communications about the tax treatment of an installment sale transaction generally requires establishing the communication:

A. Occurred during the real estate agent's normal business hours specifically during that period presented currently overall presented currently overall presented currently

B. Was communicated in writing rather than verbally during a meeting held with the client presented currently overall presented currently overall presented currently

C. Genuinely concerned tax advice regarding the transaction, not merely general real estate brokerage guidance provided currently presented currently overall presented

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

71. A taxpayer's Cohan estimate is generally inapplicable to establishing the precise gross profit ratio applied to an installment sale because:

A. Cohan estimates apply exclusively to matters involving business expenses rather than sale gain calculations generally presented currently overall presented currently overall

B. The gross profit ratio is treated as flexible and subject to reasonable estimation under applicable case law generally presented currently overall presented currently overall

C. Installment sale matters are categorically excluded from any application of the Cohan doctrine whatsoever entirely presented currently overall presented currently overall presented

D. The ratio must be established using actual sale price and basis figures, not through reasonable estimation methods generally presented currently overall presented

72. A practitioner's review of an RAR's proposed adjustment for an installment sale gain reporting error should generally verify the examiner's:

A. Specific factual findings regarding the sale price, basis, and gross profit ratio actually cited as the basis for the adjustment presented currently overall

B. Presentation using a specific font size within the printed report document itself entirely presented currently overall presented currently overall presented currently overall

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

D. Total physical page length compared to adjustments proposed for other types of transactions generally presented currently overall presented currently overall presented currently overall

73. A taxpayer's response to a 30-day letter proposing an installment sale gain reporting adjustment should generally address whether:

A. The taxpayer simply prefers a different, unspecified tax treatment with no further explanation provided at all presented currently overall presented currently overall

B. The specific sale price, basis, and gross profit ratio figures genuinely reflect the actual terms of the transaction disputed by the examiner presented

C. The taxpayer's representative has personally ever encountered a similar installment sale issue before in prior matters presented currently overall presented currently overall

D. The specific calendar month in which the sale occurred happens to be convenient for the taxpayer presented currently overall presented currently overall presented currently

74. A CP-2000 notice's proposed adjustment involving a discrepancy related to an installment sale gain reporting error should generally prompt verification against:

A. Only the specific real estate agent's overall general reputation in the industry currently at this time presented currently overall presented currently overall presented

B. Only the specific font used to display the discrepancy amount on the notice itself entirely presented currently overall presented currently overall presented currently

C. The taxpayer's actual Form 6252 documentation and how the gain was genuinely reported on the return filed presented currently overall presented currently overall

D. Only whether the notice includes the IRS's official seal prominently displayed on the document presented currently overall presented currently overall presented currently

75. A taxpayer's Tax Court petition contesting an installment sale gain reporting adjustment should generally identify:

A. Only the taxpayer's own general, unsupported opinion regarding installment sales generally as a transaction structure presented currently overall presented currently overall

B. Only the total number of installment sales the taxpayer has entered into over the taxpayer's lifetime presented currently overall presented currently overall presented

C. Only the specific real estate agent the taxpayer originally used for the underlying property transaction presented currently overall presented currently overall presented currently

D. The specific basis for disputing the examiner's factual findings regarding sale price, basis, or gross profit ratio calculations presented currently overall presented

76. A taxpayer's Appeals conference preparation for an installment sale gain reporting dispute should generally include:

A. Simply asserting the reporting was proper with no supporting evidence or documentation provided at all presented currently overall presented currently overall presented

B. A clear presentation of the specific evidence supporting the actual sale price, basis, and gross profit ratio calculation used by the taxpayer presented currently overall

C. Avoiding any discussion of the applicable gross profit ratio methodology to prevent inviting additional scrutiny entirely presented currently overall presented currently overall

D. Deferring entirely to the Appeals Officer to independently reconstruct the supporting evidence needed here presented currently overall presented currently overall presented

77. A taxpayer's decision to accept an Appeals settlement resolving an installment sale gain reporting dispute should generally be documented to specify:

A. Only the Appeals Officer's own general personal preference regarding installment sale transactions generally presented currently overall presented currently overall presented

B. Only the specific conference room where the settlement was actually reached during the meeting held presented currently overall presented currently overall presented currently

C. Only the taxpayer's general overall satisfaction with how the dispute was ultimately resolved overall presented currently overall presented currently overall presented currently

D. The specific gain amount ultimately recognized and the resulting tax effect for the applicable year at issue presented currently overall presented currently overall

78. A taxpayer's small tax case election is generally available for an installment sale gain reporting dispute where the disputed amount:

A. Falls at or below the applicable dollar threshold, regardless of the underlying transaction's complexity overall presented currently overall presented currently overall presented

B. Involves any installment sale whatsoever, since such sales are categorically excluded from this election generally presented currently overall presented currently overall presented

C. Requires the taxpayer to first obtain the IRS's own advance consent to elect this simplified procedure available currently presented currently overall presented currently overall

D. Must involve a business entity specifically, since individual taxpayers cannot enter into installment sale transactions generally presented currently overall presented currently overall

79. A taxpayer's formal written protest for an installment sale gain reporting dispute should generally cite specific evidence supporting:

A. Only the taxpayer's own general, unsupported opinion regarding which treatment seems fairer to the taxpayer presented currently overall presented currently overall presented currently
B. Only a demand that the examiner simply accept the taxpayer's proposed treatment without question raised presented currently overall presented currently overall presented currently overall
C. The taxpayer's actual sale price, basis, and gross profit ratio calculation under the applicable governing statutory requirements presented currently overall presented currently overall
D. Only a general assertion that the examiner's proposed adjustment is obviously too large with no further detail given presented currently overall presented currently overall presented currently

80. A taxpayer's Appeals settlement for an installment sale gain reporting dispute involving a partial reduction in the adjusted amount generally should be documented to specify:

A. Only the Appeals Officer's own general personal philosophy regarding installment sale transactions generally presented currently overall presented currently overall presented currently overall
B. How the reduced adjustment amount was ultimately determined and the resulting recalculated tax effect reached currently presented currently overall presented currently overall
C. Only the specific date the original installment sale transaction first occurred for the taxpayer presented currently overall presented currently overall presented currently overall presented
D. Only the taxpayer's general overall satisfaction with how the dispute was ultimately resolved overall presented currently overall presented currently overall presented currently overall

81. A taxpayer's decision to pursue Post-Appeals Mediation for an installment sale gain reporting dispute should generally weigh whether:

A. The specific mediator happens to have personal experience with real estate brokerage organizations specifically presented currently overall presented currently overall presented currently
B. Mediation sessions are scheduled on a specific day of the week the taxpayer personally prefers overall presented currently overall presented currently overall presented currently overall
C. A neutral mediator could genuinely help resolve the specific remaining factual disagreement over the gross profit ratio calculation presented currently overall presented currently overall

D. The taxpayer's representative has previously used mediation in an entirely unrelated prior matter altogether presented currently overall presented currently overall presented currently overall

82. A taxpayer's Appeals conference outcome for an installment sale gain reporting dispute resulting in a partial concession by the IRS generally reflects:

A. A purely arbitrary split with no genuine underlying analytical basis whatsoever presented in the matter presented currently overall presented currently overall presented currently overall
B. An automatic default rule the IRS applies to every single installment sale gain reporting dispute generally presented currently overall presented currently overall presented currently overall
C. A clerical error in properly calculating the correct final resolution amount for the matter overall presented currently overall presented currently overall presented currently overall
D. A hazards-of-litigation compromise recognizing genuine factual uncertainty regarding the gross profit ratio dispute at issue presented currently overall presented currently overall

83. A practitioner's overall goal in preparing case-building materials for an installment sale gain reporting Appeals conference should generally include:

A. Assuming the Appeals Officer will simply accept the reporting without any independent scrutiny of the record presented currently overall presented currently overall presented currently
B. Anticipating challenges to the taxpayer's sale price, basis, and gross profit ratio calculation and preparing well-supported responses presented currently overall presented currently overall
C. Preparing responses only to challenges the taxpayer's representative personally finds interesting in the matter presented currently overall presented currently overall presented currently overall
D. Preparing exclusively for challenges about matters entirely unrelated to the actual installment sale dispute itself presented currently overall presented currently overall presented currently overall

84. A practitioner's overall approach to representing a taxpayer in an installment sale gain reporting dispute should generally reflect an understanding that:

A. Accurate calculation of the gross profit ratio is generally required, leaving little room for informal estimation of amounts recognized presented currently overall
B. The IRS generally grants broad equitable exceptions to the installment sale gross profit ratio requirements upon request presented currently overall presented currently overall

C. The gross profit ratio requirements are treated as merely advisory guidelines with no genuine enforcement consequence at all presented currently overall presented currently overall

D. Courts routinely excuse inaccurate gross profit ratio calculations regardless of the taxpayer's specific circumstances presented currently overall presented currently overall presented currently overall

85. A preparer's software calculation for a return involving an installment sale should generally still involve manual review of:

A. Only the federal portion, since state-level installment sale calculations are treated as automatically reliable presented currently overall presented currently overall presented

B. No portion of the return at all, since installment sale software is treated as inherently more accurate overall presented currently overall presented currently overall

C. Only the client's name and address fields, with no substantive calculation review needed at all presented currently overall presented currently overall presented currently

D. Whether Form 6252's gross profit ratio calculation was correctly applied consistent with the actual sale terms presented currently overall presented currently overall

86. A preparer's discovery of a duplicate entry affecting reported installment sale gain illustrates the importance of reviewing:

A. How the total gain amount was actually calculated and whether figures were entered only once correctly and completely presented currently overall

B. Only the specific software version number used to prepare the particular return at issue presented currently overall presented currently overall presented currently

C. Only the client's stated preference for how the sale should ultimately be characterized generally presented currently overall presented currently overall presented currently

D. Only the total number of installment sales the taxpayer has entered into over the years generally presented currently overall presented currently overall presented

87. A preparer's Section 6107(b) obligation for a return involving an installment sale generally applies to:

A. Only the portion of the return unrelated to the installment sale specifically involved in the matter presented currently overall presented currently overall presented

B. Only a separate, distinct recordkeeping category maintained apart from the general return records kept currently presented currently overall presented currently overall presented

C. The return as a whole, including the specific Form 6252 documentation supporting the reported gain presented currently overall presented currently overall presented currently

D. Only if the IRS specifically requests the installment sale documentation be separately retained by the preparer presented currently overall presented currently overall presented

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

A. Only whatever security measures happen to be least expensive for the firm to implement generally overall presented currently overall presented currently overall presented

B. The genuine sensitivity and complexity of the underlying financial and property transaction data involved presented currently overall presented currently overall presented currently

C. Only whatever security measures a single, specific competitor firm happens to currently use in practice presented currently overall presented currently overall presented currently

D. No specific evaluation criteria at all, since installment sale records are treated as purely routine information presented currently overall presented currently overall presented

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 undertaken presented currently overall presented currently overall presented currently

B. Background has actually been reviewed as part of the applicable application process undertaken overall presented currently overall presented currently overall presented currently overall

C. Information provided in the application has actually been verified for accuracy by the reviewer presented currently overall presented currently overall presented currently overall presented

D. Client base includes taxpayers with genuinely complex returns, such as those involving installment sale transactions presented currently overall presented currently overall presented

90. A firm's decision to accept clients requiring installment sale gain reporting should generally include evaluating whether the firm has:

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

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 within the same firm presented currently overall presented currently overall presented currently
B. Returns filed within a specific calendar year and returns filed in an entirely different calendar year presented currently overall presented currently overall presented currently
C. Returns involving routine matters and returns involving genuinely complex issues like installment sale gain reporting presented currently overall presented currently overall presented
D. Returns the preparer actually signed as the paid preparer and returns the preparer did not sign presented currently overall presented currently overall presented currently overall

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

A. The specific recognized exception category actually applicable, not the underlying complexity of the installment sale issue itself presented currently overall presented
B. Only the preparer's own general opinion regarding the complexity of installment sale rules generally presented currently overall presented currently overall presented currently
C. Only the specific real estate agent the taxpayer actually used to facilitate the transaction presented currently overall presented currently overall presented currently overall presented
D. Only the preparer's own past filing history with that particular client over prior years filed presented currently overall presented currently overall presented currently overall

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 of the return in question presented currently overall presented currently overall presented

B. The mere complexity of a client's installment sale gain reporting, since complexity alone is not a recognized hardship category presented currently overall presented

C. A documented lack of reliable internet access genuinely preventing electronic filing of the return altogether presented currently overall presented currently overall presented

D. A documented religious objection genuinely qualifying under the applicable recognized exception available generally presented currently overall presented currently overall presented currently

94. A taxpayer's Form 8879 authorization for a return involving an installment sale generally requires the taxpayer to:

A. Personally understand every technical detail of the gross profit ratio calculation before signing the authorization presented currently overall presented currently overall presented currently

B. Obtain independent verification of the property valuation from a completely separate practitioner or appraiser presented currently overall presented currently overall presented currently overall

C. Review the completed return, including the reported gain and Form 6252, before signing the authorization for filing presented currently overall presented currently overall

D. Sign a supplemental form specifically acknowledging the sale's inherent complexity for the record presented currently overall presented currently overall presented currently overall presented

95. An ERO's Form 8879 retention obligation for a return involving an installment sale generally is:

A. Extended to a longer period specifically because of the sale's underlying complexity involved presented currently overall presented currently overall presented currently overall presented currently overall

B. Waived entirely for returns involving installment sales given their genuinely specialized nature and treatment presented currently overall presented currently overall presented currently overall presented

C. Subject to a completely separate set of retention rules unique to installment sale returns specifically involved presented currently overall presented currently overall presented currently overall

D. The same standard retention obligation applicable to any other return, regardless of the underlying complexity presented currently overall presented currently overall presented currently overall

96. A preparer's confirmation of Form 8453 requirements for a return involving an installment sale attachment should generally include checking:

A. Only whether the installment sale gain happens to be favorable or unfavorable to the taxpayer overall this year presented currently overall presented currently overall

B. Whether the specific attachment requires separate transmittal under current applicable instructions currently in effect presented currently overall presented currently overall presented

C. Only the specific total dollar amount of the resulting gain claimed on the return filed presented currently overall presented currently overall presented currently overall

D. Only whether the taxpayer has previously entered into an installment sale in any prior tax year filed presented currently overall presented currently overall presented

97. A rejected return involving an installment sale should generally have its correction verified to confirm:

A. The overall total page count of the return remains identical to the original submission filed initially presented currently overall presented currently overall presented currently overall

B. The specific font used throughout the return remains unchanged from the original submission filed initially presented currently overall presented currently overall presented currently overall

C. The taxpayer's stated preference for a specific refund method remains unchanged from the original filing presented currently overall presented currently overall presented currently overall

D. The specific error identified in the rejection has been resolved without altering the substantive gain reporting position taken presented currently overall presented currently overall

98. A preparer's overall response protocol for rejections affecting returns with installment sale issues should generally include:

A. Escalation to a more experienced staff member familiar with the specific gross profit ratio rules involved presented currently overall presented currently overall presented currently overall

B. Automatic assignment to whichever staff member happens to be available first, regardless of relevant experience held presented currently overall presented currently overall presented currently overall

C. No differentiated protocol at all, since all rejections are treated identically regardless of underlying complexity present presented currently overall presented currently overall presented currently overall

D. Automatic resubmission without any review, since installment sale rejections are presumed to be simple errors overall presented currently overall presented currently overall presented currently overall

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

A. No additional review of any kind, since e-file compliance training is treated as unrelated to substantive accuracy presented currently overall presented currently overall presented currently overall
B. Automatic rejection of the engagement entirely, since complex returns are presumed too risky to prepare at all presented currently overall presented currently overall presented currently overall
C. Additional review before transmission, given the heightened risk of errors in such complex calculations involved presented currently overall presented currently overall presented currently overall
D. Immediate escalation to the IRS itself, bypassing any internal firm review process entirely for the matter presented currently overall presented currently overall presented currently overall

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 overall presented currently overall presented currently overall presented currently overall
B. Genuine accuracy in complex matters requires the same careful compliance attention as any other filing presented currently overall presented currently overall presented currently overall
C. Compliance attention should actually decrease as a return's underlying complexity genuinely increases over time presented currently overall presented currently overall presented currently overall presented
D. Only routine, simple filings actually warrant the Provider's genuine compliance attention and focus overall presented currently overall presented currently overall presented currently overall

Practice Exam 28: Answer Key and Explanations

1. B — A—This disclosure always genuinely allows the IRS to evaluate whether granting enrollment while an unresolved investigation is pending would be premature. It does not result in automatic denial regardless of status, does not trigger notification to the investigating body, and does not affect any application fee calculation involved here at all.

2. D — D—Such hours always genuinely and quite clearly satisfy the ethics-specific requirement provided the course genuinely focuses substantively on ethical obligations, not merely mentions ethics.

Merely purchasing materials regardless of review, the provider's location in the practitioner's home state, and personally knowing the instructor do not themselves establish this qualification here.

3. C — C—This obligation exists because some IRS-facing programs or disclosures may genuinely reference insurance status, making accurate records genuinely important for practitioners overall. Insurance status is not treated as more legally significant than enrollment itself, there is no IRS-mandated minimum coverage requirement, and failing to update does not automatically trigger discipline here.

4. A — A—This decision always reflects consideration of whether the conduct's genuine severity and potential harm warrant a more formal response than an informal caution alone. The practitioner's own procedural preference, the specific calendar month of the conduct, and prior OPR interaction history alone are not themselves the substantive factors here at all.

5. D — D—Due diligence always requires a reasonable inquiry into whether the claimed losses are genuinely substantiated and do not exceed the reported gambling winnings amount. Direct casino verification is not required, automatic disallowance above an arbitrary amount is inappropriate, and no inquiry at all under any circumstances misstates this standard here at all.

6. C — C—A subsequently revoked ruling genuinely diminishes the reliability of relying on that specific ruling as authority for a current position taken. Revoked rulings are not treated as carrying the same weight as active ones, revocation is not entirely irrelevant to this determination, and the obligation is not entirely waived by its mere existence.

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

8. B — B—A value-based fee arrangement should always be clearly explained to the client regarding the specific factors genuinely used to determine the fee's amount. Leaving the determining factors deliberately vague, setting the fee at the highest conceivably tolerable amount, and relying entirely on a verbal understanding are all inappropriate approaches here at all.

9. A — A—Claiming "guaranteed results" is always misleading, since no practitioner can genuinely guarantee a specific outcome the IRS retains genuine discretion to determine. This is not categorically exempt from scrutiny, does not require every competitor's agreement, and is not automatically dismissed as harmless puffery given the guarantee's inherently misleading nature here.

10. D — D—This particular analysis genuinely evaluates whether the mentorship relationship could reasonably be perceived as affecting the practitioner's independent judgment in the current matter presented here. The relationship's duration, the practitioner's continued respect for the mentor, and the mentor's city of practice are not themselves the substantive factors this analysis turns on.

11. C — C—Proper documentation should always clearly and genuinely address the specific safeguards actually in place to prevent the mentorship relationship from improperly influencing the handling here.

The practitioner's own opinion of the mentor's career success, the disputed dollar amount, and the mentorship's timing relative to enrollment are not this required content.

12. B — B—Sound procedures always require disclosure of the mentorship relationship and a genuine evaluation of whether it actually presents a conflict for the current matter presented. 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. D — D—This violation may be established where the practitioner actually knew or recklessly disregarded that the election had genuinely expired without proper renewal by the taxpayer. Simply using consistent prior treatment without inquiry, never having personally prepared it, and delegating the confirmation task alone do not themselves establish this reckless standard.

14. B — B—This obligation requires distinguishing between a genuine legal argument for favorable characterization and a representation genuinely known to misstate the underlying objective facts. The distinction is not between verbal and written statements, is not based on the recipient's supervisory status, and is not based on the timing relative to business hours.

15. C — C—Identifying material scope limitations allows the client to genuinely understand what the opinion did and did not actually examine before relying on it. This is not a purely cosmetic formatting requirement, does not guarantee a favorable outcome regardless of the limited scope, and does not eliminate the underlying analytical obligation.

16. A — A—Competence here always requires sufficient understanding of the tariff implications, or appropriate referral to a practitioner with relevant genuine expertise in that specific area. Automatic acceptance regardless of actual familiarity, automatic decline foreclosing development, and sole reliance on the client's own understanding are all inappropriate responses to this matter presented.

17. C — C—Such a claim should be based on genuine, verifiable engagement records reflecting the firm's actual audit representation experience over a defined period. Substantially rounding up for impressiveness, categorically prohibiting all such claims, and basing the figure on a single favorable matter rather than the overall record are all inappropriate approaches.

18. A — A—This obligation attaches to lawful, proper requests from an authorized IRS employee, not to the practitioner's own subjective assessment of the request's necessity. There is no regulation requiring the practitioner's prior agreement, a belief in unnecessity is not a complete defense, and the obligation does not depend on perceived taxpayer benefit.

19. D — D—Failing to identify clearly applicable Premium Tax Credit eligibility may reflect a genuine shortfall in the competence and diligence standards Circular 230 expects of practitioners. 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.

20. B — B—Reevaluation is always genuinely warranted because the newly discovered landlord-tenant 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. B — B—This violation is treated with particular seriousness because it involves a direct mischaracterization striking at the core factual accuracy the tax reporting system genuinely depends upon. 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. C — A—Confidentiality always genuinely attaches to information genuinely learned during the course of the representation, regardless of the specific administrative task being performed when learned. Incidental learning is not categorically outside confidentiality's scope, there is no exception permitting free disclosure, and a specific written confidentiality request is not required here at all.

23. A — A—Declining continued representation upon learning of this misuse of the practitioner's advice is an appropriate exercise of professional judgment consistent with Circular 230's standards. There is no implied duty to continue regardless of such misuse, this decision carries genuine professional significance, and no prior court ruling is required to decline.

24. D — D—This accuracy obligation extends to both the factual basis for the requested determination 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 made.

25. B — B—This duration reflects the balance that a period too short might not adequately address the violation, while one too long might exceed what it actually warrants. This is not based on the absence of prior disciplinary history, is not based on the practitioner's own preference, and is not based on the harmed client's own preference.

26. A — A—The penalty and disgorgement always genuinely serve genuinely distinct purposes, with disgorgement addressing unjust enrichment from fees earned and the penalty addressing the violation itself. OPR is not legally required to impose every remedy simultaneously in every matter, disgorgement does not automatically trigger a mandatory penalty, and the penalty remains available here.

27. D — D—OPR always genuinely weighs the specific harm the original violation caused against the genuine evidence of rehabilitation and demonstrated understanding of the violated obligations. 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 here.

28. C — C—This scenario requires disclosing the paid speaking relationship and genuinely evaluating whether it could improperly influence the specific product recommendation actually given to clients. Simply declining all future speaking with no disclosure at all, ignoring the relationship as unrelated, and disclosing only upon a specific inquiry all fail to satisfy this obligation.

29. B — B—A fellow-alumnus prospective client should undergo the same systematic conflict check applied to any other prospective client, regardless of how the client was met. Assuming automatic absence of conflict, skipping the check entirely, and relying exclusively on personal judgment without a genuine check are all inadequate approaches to this check.

30. C — C—These obligations always genuinely reflect the recognition that the system requires practitioners to serve simultaneously as client advocates within legal bounds and honest system participants. This is not about being only a client advocate with no system concern, only an honest participant with no advocacy, or neither role mattering to practitioners.

31. A — A—This commitment reflects the understanding that discipline's genuine goal is generally to protect the public and improve future compliance, not simply to punish past conduct alone. 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. D — D—Including the taxpayer's current mailing address always ensures the IRS has accurate contact information for the taxpayer independent of the representative's own address. 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 here.

33. A — A—A standard power of attorney does not authorize signing a closing agreement on the taxpayer's behalf absent specific separate authorization for that activity. It does authorize discussing covered matters with the assigned IRS employee, receiving notice copies, and advocating the taxpayer's position at an examination interview held with the examiner.

34. C — A—The authorization's scope generally extends to matters genuinely arising from the same covered underlying tax period, including a related TFRP investigation. There is no regulation treating every investigation as an entirely new matter, such an investigation is not automatically outside the scope, and resubmission is not required for this phase.

35. D — D—This specific circumstance is always genuinely among the statutorily recognized tolling events genuinely affecting the assessment statute directly during a taxpayer's fugitive status. Fugitive status is not always automatically resolved quickly, the assessment statute does apply to matters involving such status, and the IRS does have authority to address them.

36. B — B—This request should be evaluated against whether the extension would allow time for a pending law or regulation change to favorably affect the taxpayer's position. It is not about allowing time for an unrelated matter, is not about allowing time for a subsequent year's routine return, and is not about allowing time for a formal complaint.

37. B — B—Such a Notice reflects the IRS's own current interpretive guidance on the issue, a genuinely relevant though evolving factor in the overall risk assessment. 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 indefinitely.

38. C — C—Reliance on informal website guidance, absent formal published guidance, always generally reflects a reasonable basis argument, though genuinely weaker than formal authority here.

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 present.

39. D — D—A proper disclosure should include a citation to the specific webpage and a description of how its content genuinely applies to the taxpayer's own facts. The taxpayer's own opinion about eventual IRS acceptance, a vague unspecified general statement, and a guarantee of withstanding challenge are not themselves the required content.

40. A — A—This good-faith reliance always genuinely demonstrates a genuine absence of intent to conceal facts from the government, even where the informal guidance proved inconsistent with formal authority. Informal guidance is not automatically binding, legal incorrectness alone does not always establish evasion, and courts are not required to automatically excuse it here.

41. C — C—TAS assessment always genuinely includes evaluating whether the delay is genuinely causing documented financial hardship beyond mere ordinary inconvenience experienced by the taxpayer here. This is not about the representative's general fairness opinion, is not limited to merely the total dollar amount, and is not limited to prior abatement history at all.

42. D — D—Such a TAO may generally direct the IRS to expedite the determination consistent with the applicable hardship criteria actually established in the taxpayer's matter. 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 trust fund recovery penalty appeal, in addition to other tax matters, reflecting the 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.

44. A — A—A proper preliminary assessment confirms the specific terms genuinely satisfy the applicable requirements for installment method reporting under the governing statutory provisions. The real estate agent's general industry reputation, the taxpayer's opinion of installment sales generally, and the years of ownership alone are not themselves the substantive factors this assessment should focus on.

45. A — A—A thorough conflict check for this matter should always extend to each individual party, given their genuinely differing potential interests in the transaction's ultimate overall tax treatment. The transaction's formal legal description alone, the property's county location, and the total transaction value are not themselves sufficient without this broader inquiry here.

46. C — C—This entry generally indicates the IRS identified gain that was genuinely not properly recognized in accordance with the applicable installment method reporting rules. 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 entered into the arrangement.

47. B — A—A proper challenge focuses on identifying specific facts genuinely demonstrating the gain recognition genuinely complied with the applicable installment method rules involved. The taxpayer's general opinion of fairness, the examiner's years of experience, and the agent's stock market performance are not themselves the substantive basis this challenge should focus on.

48. D — D—This claim should address whether the requesting spouse genuinely had actual knowledge of the reporting decisions actually generating the adjustment at issue in the matter. The requesting spouse's general opinion of installment sales, total years married, and current occupation are not themselves the primary consideration this specific knowledge-focused claim requires.

49. D — D—Proper documentation always addresses the specific payment schedule and gross profit ratio calculation measured against the applicable statutory reporting requirements governing the transaction here. Wedding venue choice, shared home decor taste, and vacation preferences are not themselves the substantive factors this specific reporting-related challenge should actually address here at all.

50. A — A—A sound assessment weighs whether the taxpayer's reporting genuinely reflects good-faith confusion or instead deliberate manipulation of the gain recognition timing to avoid taxation. The specific real estate agent, the client's general demeanor at one meeting, and the years of participation alone are not themselves the substantive factors this assessment should focus on.

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

52. B — B—A proper Kovel arrangement requires the accountant's analysis be directed by the attorney and genuinely connected to assisting the attorney's actual legal advice. 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 here at all.

53. B — B—Proper documentation should include the sale agreement, payment records, and calculations genuinely supporting the actual gross profit ratio applied to each payment received. A bare general assertion with no supporting documentation, the agent's marketing materials, and the taxpayer's opinion of fairness are not themselves this required documentation for the file.

54. A — A—A proper case assessment always distinguishes between the portion of each payment representing gain and the portion representing genuine basis recovery under the applicable ratio. An arbitrary unrelated date, the specific bank account used, and mere naming or numbering convention are not themselves meaningful analytical distinctions this assessment should draw here at all.

55. C — A—Case-building for numerous payments requiring individual gain calculations should always include a systematic spreadsheet tracking each payment's date, amount, and resulting portions carefully. Relying only on narrative with no tracking, simply accepting the buyer's characterization without review, and avoiding tracking entirely all fail to properly manage this complexity here at all.

56. D — A—A thorough preliminary assessment should always include documenting the specific sale terms and their genuine implications for the applicable gross profit ratio and reporting timing rules. 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 here at all.

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

58. D — D—A sound approach always reflects careful, thorough fact development before committing to a specific strategic approach for this genuinely complex multi-payment matter presented here. 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 approach.

59. B — B—The genuine aim is always ensuring the gain reporting position is actually supported by the facts genuinely developed, not simply assumed favorable or unfavorable at all. It does not aim for automatically favorable or unfavorable conclusions regardless of facts, and does not rely on an initial unexamined gut impression formed early on in the matter.

60. A — A—This philosophy should always reflect the understanding that the applicable rules involve precise, calculation-intensive requirements warranting careful, accurate documentation of each payment received here. The rules do not apply flexibly with no genuine precise requirements, do warrant additional documentation, and the IRS is not prohibited from examining such matters here at all.

61. A — A—This particular proposal should always genuinely address whether the resulting additional tax liability genuinely affects the taxpayer's current available cash for payment made. 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 here at all.

62. B — B—This statement should always genuinely reflect the current financial picture, genuinely including any additional tax liability resulting from the gain reporting adjustment. It is not based on the pre-adjustment position alone, is not based on the agent's own financial standing, and is not based on merely the bank used for deposit here.

63. C — C—This particular RCP calculation always requires reflecting the taxpayer's current actual assets and income, genuinely including any effect from the additional liability owed here. The taxpayer's mere structural preference, the sale's earlier reported gain amount, and the agent's fee schedule are not themselves this specific relevant content here at all in the matter presented.

64. D — D—This lien always attaches to the taxpayer's own property and rights to property generally, consistent with general federal tax lien principles applying broadly. It does not attach only to the specific installment note, is not exempt from attaching to the taxpayer's assets, and does not attach to the agent'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 owed. 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 agent's approval to proceed.

66. C — C—A CNC determination for this taxpayer always genuinely requires evaluating the taxpayer's current genuine ability to pay, not the original reported gain amount. The original reported gain amount alone, the agent's reputation, and the taxpayer's own preferred figure are all inadequate bases for this evaluation made in the matter presented.

67. D — D—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 presented here. A general opinion about installment sale rules fairness, total years of transactions, and the regulating agency's identity are not themselves the substantive issue here presented currently.

68. B — B—TFRP always genuinely addresses unpaid employment trust fund taxes, a distinct issue entirely separate from the individual income tax consequences of a gain adjustment. It does not address the same underlying issue as such an adjustment, is not specifically triggered by it, and does not arise only for those who entered such transactions.

69. A — A—TFRP liability always genuinely turns on control over trust fund tax payments, entirely unrelated to whether the person separately entered into such a transaction. Transaction participation does not automatically increase TFRP exposure, participants are not exempt from TFRP, and the two use entirely different calculation methods altogether here in every case.

70. C — C—Asserting this particular privilege always requires establishing the communication genuinely concerned tax advice regarding the transaction's treatment, not merely general real estate guidance provided. Communication timing during the agent's business hours, written versus verbal communication, and copying outside counsel are not themselves the required elements this claim demands here at all.

71. D — D—The ratio always must be established using actual sale price and basis figures genuinely governing the transaction, not through Cohan-style estimation methods used. Cohan estimates do not apply exclusively to business expense matters, the ratio is not treated as flexible for estimation, and installment sale matters generally are not categorically excluded from Cohan.

72. A — A—A proper review always genuinely verifies the examiner's specific factual findings regarding the sale price, basis, and gross profit ratio actually cited as the 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 verification.

73. B — B—The response should always genuinely and clearly address whether the specific sale price, basis, and gross profit ratio figures genuinely reflect the actual transaction terms disputed. A mere unspecified alternative treatment preference, the representative's prior general experience, and the sale's convenient timing are not themselves the substantive issue here presented currently overall.

74. C — C—This should always genuinely prompt verification against the taxpayer's actual Form 6252 documentation and how the gain was genuinely reported on the return. The agent'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 at all.

75. D — D—A proper petition always genuinely identifies the specific basis for disputing the examiner's factual findings regarding sale price, basis, or gross profit ratio calculations. A general unsupported opinion about installment sales, mere lifetime sale count, and merely the real estate agent used are not themselves the required substantive content this petition needs.

76. B — B—Preparation for this dispute should always genuinely include a clear presentation of the specific evidence supporting the actual sale price, basis, and gross profit ratio calculation. Simply asserting propriety with no supporting evidence, avoiding discussion of the methodology entirely, and deferring entirely to the Officer's own reconstruction all fail to properly advocate.

77. D — D—Proper settlement documentation should always genuinely and clearly specify the specific gain amount ultimately recognized and the resulting genuine tax effect for the applicable year. The Officer's general personal preference regarding installment sales, the specific conference room location, and the taxpayer's general satisfaction are not themselves this required documentation content.

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

79. C — C—A proper protest always genuinely and clearly cites specific evidence supporting the taxpayer's actual sale price, basis, and gross profit ratio calculation under governing rules. 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 needed here.

80. B — B—Proper documentation should always genuinely and clearly specify how the reduced adjustment amount was ultimately determined and the resulting genuine recalculated tax effect. The Officer's general philosophy regarding installment sales, the original transaction date, and the taxpayer's general satisfaction are not themselves this required documentation content here at all now.

81. C — C—This decision should always genuinely weigh whether a neutral mediator could genuinely help resolve the specific remaining factual disagreement over the gross profit ratio. The mediator's unrelated personal real estate brokerage experience, a preferred scheduling day, and the representative's unrelated prior mediation experience are not themselves the substantive factors here.

82. D — D—A partial IRS concession always genuinely reflects a genuine hazards-of-litigation compromise, recognizing real factual uncertainty regarding the gross profit ratio actually disputed. 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 made.

83. B — A—Effective preparation always genuinely and clearly includes anticipating challenges to the taxpayer's sale price, basis, and gross profit ratio calculation and preparing well-supported responses. Assuming the Officer will accept the reporting without scrutiny, preparing only for personally interesting challenges, and preparing only for unrelated matters all reflect inadequate preparation for the conference.

84. A — A—This approach should always genuinely reflect the understanding that accurate calculation of the gross profit ratio is generally required, leaving little room for estimation. The IRS does not generally grant broad equitable exceptions upon request, the requirements are not merely advisory, and courts do not routinely excuse inaccurate calculations regardless of circumstances.

85. D — D—Manual review should always genuinely focus on whether Form 6252's gross profit ratio calculation was correctly applied consistent with the actual sale terms. 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 here.

86. A — A—This discovery always genuinely illustrates the importance of reviewing how the total gain amount was actually calculated and confirming figures entered once carefully. The specific software version, the client's characterization preference, and the total sales entered into are all irrelevant to this genuine substantive single-entry review needed here at all.

87. C — C—This obligation always genuinely applies to the return as a whole, genuinely including the specific Form 6252 documentation supporting the reported gain. 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 made here at all.

88. B — B—Reasonable security should always genuinely reflect the genuine sensitivity and complexity of the underlying financial and property transaction data actually involved here now. 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 here.

89. D — D—Approval always genuinely reflects meeting suitability standards regardless of whether the applicant's client base includes taxpayers with genuinely complex returns like installment sales here. Suitability does depend on the applicant's own tax compliance history being reviewed, background being reviewed, and the application information being verified for accuracy here at all.

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

91. C — C—This determination always genuinely does not distinguish between routine returns and returns involving genuinely complex issues like installment sale reporting, treating both 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 for it.

92. A — A—Form 8948 should always genuinely and 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 installment sale complexity, the specific agent used, or the preparer's unrelated past filing history here.

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

94. C — C—The taxpayer generally must always genuinely review the completed return, including the reported gain and Form 6252, before signing the Form 8879 authorization here at all. The taxpayer need not personally understand every technical ratio calculation detail, need not obtain a separate independent verification, and need not sign a specific supplemental form.

95. D — D—This retention obligation always genuinely is the same standard obligation applicable to any other return, regardless of the underlying installment sale complexity 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 here at all.

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

97. D — A—Verification should always genuinely confirm the specific identified error has been resolved without inadvertently altering the substantive gain reporting position actually taken here now. 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 at all now.

98. A — A—A sound protocol should always genuinely include escalation to a more experienced staff member genuinely familiar with the specific gross profit ratio rules 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 here at all now.

99. C — C—Training should always genuinely address recognizing when complexity like an installment sale warrants additional internal review, given the heightened risk of errors present at all times. No additional review at all, automatic rejection of the engagement, and immediate escalation to the IRS bypassing internal review are all inappropriate responses here at all.

100. B — B—This overall commitment always genuinely reflects the recognition that genuine accuracy in complex matters requires the same careful compliance attention as usual practice here. 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 here at all.