PRACTICE EXAM 31: 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 disclosure of whether the applicant has ever had an accountancy license placed on probation because such disclosure allows the IRS to:

A. Automatically deny the application regardless of the probation's actual current status or ultimate underlying merit presented currently overall
B. Notify the specific accountancy board of the applicant's own pending enrollment application with the IRS at this time presented
C. Evaluate the applicant's overall pattern of professional conduct across licensing bodies before granting enrollment before the agency
D. Calculate a mandatory increased application fee based specifically on the nature of the probationary status itself presented currently overall

2. A practitioner's continuing education hours earned through a course requiring completion of a proctored final assessment generally qualify for credit provided:

A. The practitioner simply purchased the course materials regardless of whether the assessment was ever actually completed by the practitioner presented currently overall
B. The assessment genuinely requires the practitioner's own demonstrated comprehension of the material rather than passive consumption alone presented currently overall
C. The proctored course happened to be developed by a provider located in the practitioner's own home state specifically at that time presented currently
D. The practitioner personally knows the specific course author from some prior unrelated professional context entirely at that particular time presented currently

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

A. Malpractice carrier changes are treated as more legally significant than a practitioner's own individual enrollment status generally overall presented currently overall
B. IRS regulations specifically require practitioners to maintain coverage with only a single, IRS-approved carrier at all times presented currently overall
C. Failing to update the carrier information automatically triggers an immediate formal disciplinary proceeding against the practitioner involved presented currently overall
D. Some IRS-facing programs or disclosures may reference carrier information, making accurate records genuinely important for practitioners presented currently overall

4. OPR's decision regarding whether to pursue a matter through formal disciplinary proceedings rather than referring it for potential criminal prosecution generally reflects consideration of whether:

A. The conduct genuinely falls within OPR's own civil disciplinary jurisdiction rather than requiring a separate criminal referral presented currently overall presented
B. Only the practitioner's own personal preference regarding which process OPR should actually pursue in the specific matter presented currently overall presented
C. Only the specific calendar month in which the underlying conduct happened to occur during that particular year presented currently overall presented currently overall
D. Only whether the practitioner has ever previously interacted with OPR in any capacity whatsoever before this specific matter presented currently overall presented currently

5. A practitioner's due diligence obligation regarding a client's claimed disaster relief tax provisions generally requires:

A. Independent verification directly with the specific federal agency that officially declared the disaster area at issue presented currently overall presented currently overall
B. Automatic disallowance of any disaster relief claim exceeding a specific fixed dollar amount overall presented currently overall presented currently overall presented
C. A reasonable inquiry into whether the taxpayer genuinely resides in or has a business within an officially declared disaster area presented currently overall presented

D. No inquiry whatsoever, since disaster relief claims are presumed accurate automatically by default presented currently overall presented currently overall presented currently

6. A practitioner's advice regarding a position with substantial authority generally accounts for whether a court decision the taxpayer relies upon was later reversed on appeal because:

A. Reversed decisions are always treated as carrying more weight than any decision that has never been appealed at all presented currently overall presented currently overall
B. A reversed decision genuinely no longer carries the precedential weight it once did, affecting the strength of any position relying upon it presented currently overall
C. A decision's reversal on appeal is treated as entirely irrelevant to any substantial authority determination whatsoever presented currently overall presented currently overall presented
D. The signing obligation is entirely waived wherever any court decision, reversed or not, exists on the specific issue involved presented currently overall presented

7. A contingent fee arrangement is generally permitted for representation regarding a claim for a refund arising from an overpayment identified through a cost segregation study because such claims are:

A. Treated as sufficiently distinct from an original substantive return position to fall within a recognized exception presented currently overall presented currently overall
B. Treated identically to an original return position under Circular 230's federal contingent fee rules generally overall presented currently overall presented currently overall
C. Prohibited in every context except the specific cost segregation study context described specifically here presented currently overall 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 currently overall presented currently

8. A practitioner's fee arrangement involving a project-based fee for a multi-year engagement generally should specify:

A. Only the practitioner's own general preference for how project-based fees should typically be structured overall presented currently overall presented currently overall
B. Only the specific bank where the project-based fee payments will ultimately be deposited by the firm presented currently overall presented currently overall presented

C. Only the total number of years the practitioner has personally used project-based fee arrangements in the practice presented currently overall presented currently overall
D. How the fee will be allocated across the engagement's multiple years and what triggers each corresponding payment presented currently overall presented currently overall

9. A practitioner's advertisement claiming to offer "the most comprehensive tax resolution services available" without further detail is generally:

A. Always permitted, since superlative marketing language is categorically exempted from any scrutiny whatsoever presented currently overall presented currently overall presented
B. Permitted only if every single competing firm in the area formally agrees with the superlative claim's accuracy presented currently overall presented currently overall presented
C. Potentially misleading unless the practitioner can substantiate the specific superlative claim with genuine, verifiable supporting data 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 overall presented currently

10. A practitioner's conflict of interest analysis for representing a taxpayer in a matter where the practitioner's own sibling is employed as counsel to an adverse party generally should evaluate:

A. Only the specific total salary the practitioner's sibling earns at that particular place of employment presented currently overall presented currently overall presented currently
B. Only whether the practitioner and the sibling discuss work matters at family gatherings in general, unrelated terms presented currently overall presented currently overall
C. Only the specific number of years the sibling has worked at that particular place of employment presented currently overall presented currently overall presented currently
D. Whether the sibling's employment could reasonably be perceived as affecting the practitioner's independent judgment in the current matter presented currently overall presented

11. A practitioner's written consent documentation for a conflict arising from a sibling's employment as counsel to an adverse party should generally address the specific:

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

B. Safeguards in place to prevent the family relationship from improperly influencing the current matter's handling by the practitioner presented currently overall presented

C. Only the specific total dollar amount the client's current matter involves in dispute at this particular time presented currently overall presented currently overall presented

D. Only whether the sibling's employment began before or after the practitioner's own enrollment as an EA specifically presented currently overall presented currently overall presented

12. A firm's Section 10.36 procedures should generally address how the firm handles a matter involving a staff member's siblings employed as counsel on the opposing side by:

A. Requiring disclosure of the relationship and evaluation of whether it presents a genuine conflict for the current matter presented currently overall presented currently overall

B. Automatically declining every such matter regardless of the actual specific circumstances involved in the case presented currently overall presented currently overall presented

C. Automatically accepting every such matter with no evaluation of any kind conducted by the firm at all presented currently overall presented currently overall presented

D. Delegating the entire matter automatically to a completely different, unrelated firm outside the practice entirely presented currently overall 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 relying on a cost basis figure known to have been previously corrected in an earlier amended return, if the practitioner:

A. Actually knew or recklessly disregarded that the cost basis figure had genuinely been previously corrected in the earlier amended return presented currently overall

B. Simply used the same cost basis figure applied consistently in prior years without any further specific inquiry conducted presented currently overall presented

C. Had never personally prepared the original return that contained the cost basis figure at issue at that earlier time presented currently overall presented

D. Delegated the task of actually confirming the cost basis figure's current status to a subordinate employee at the firm presented currently overall presented currently overall

14. A practitioner's obligation regarding accuracy of representations generally requires distinguishing between a genuine dispute over the applicable filing status 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 presented currently overall presented
B. Made to a supervisory IRS employee and a statement made to a non-supervisory IRS employee instead presented currently overall presented currently overall presented currently overall
C. Made during business hours and a statement made outside of normal business hours entirely instead presented currently overall presented currently overall presented currently overall
D. Knows misstates the underlying marital or household facts rather than merely arguing for a favorable characterization of those genuine admitted facts presented currently overall

15. A practitioner's written tax opinion should generally identify the specific version of the applicable regulations relied upon where multiple versions genuinely exist, to:

A. Satisfy a purely cosmetic formatting requirement with no genuine substantive purpose whatsoever attached to the opinion presented currently overall presented currently overall
B. Allow the client to genuinely understand which specific regulatory framework actually formed the basis for the opinion's conclusions presented currently overall presented
C. Guarantee the client a specific favorable outcome regardless of which regulatory version ultimately applies to the matter presented currently overall presented currently overall
D. Eliminate the practitioner's own underlying obligation to conduct genuine, substantive analysis of the matter presented currently overall presented currently overall presented currently

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

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

17. A practitioner's advertising claim regarding the firm's specific client retention statistics over a stated period 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 presented
B. Omitted entirely from all advertising, since retention-statistic claims are categorically prohibited under Circular 230 presented currently overall presented currently overall presented
C. Based on genuine, verifiable engagement records reflecting the firm's actual client relationships over the specific stated period presented currently overall presented
D. Based on a single, particularly favorable client relationship rather than the firm's overall genuine typical experience presented currently overall presented currently overall presented

18. A practitioner's Section 10.20 obligation regarding record submission generally applies to records the practitioner has stored using an encrypted third-party cloud service because:

A. The obligation genuinely attaches to whoever currently holds custody of the relevant records regardless of the specific storage encryption method used presented currently overall
B. IRS regulations specifically exempt encrypted records from this particular submission obligation entirely and completely presented currently overall presented currently overall
C. Encrypted records are treated as categorically less reliable than records maintained in unencrypted form by the practitioner presented currently overall presented currently overall
D. The obligation applies only where the cloud service provider has specifically consented in writing to the record's disclosure presented currently overall presented currently overall

19. A practitioner's failure to identify a client's eligibility for the Health Coverage 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 presented currently overall
B. A potential shortfall in the competence and diligence Circular 230 expects of practitioners generally throughout their practice presented currently overall presented currently overall
C. A matter completely outside any Circular 230 concern whatsoever regarding the practitioner's overall conduct in the matter presented currently overall presented currently overall

D. Relevant only if the client can affirmatively prove the practitioner deliberately withheld this specific information from them presented currently overall 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 licensor of intellectual property to another existing client because:

A. IRS regulations specifically mandate an entirely new engagement letter for every newly discovered licensing relationship presented currently overall presented currently overall presented
B. Discovering this relationship automatically and categorically terminates both pre-existing engagements entirely and immediately presented currently overall presented currently overall presented
C. Clients specifically expect and demand a fresh conflict evaluation memo for every such discovery made during representation presented currently overall presented currently overall presented
D. The newly discovered licensing relationship may genuinely affect whether continued representation of either client remains appropriate under the circumstances presented currently overall

21. A practitioner's disreputable conduct violation involving knowingly assisting a client in claiming fabricated foreign tax credits based on taxes never actually paid 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 overall
B. Conduct that, while concerning, carries no meaningful implication for any client's own genuine interests overall presented currently overall presented currently overall
C. A category of conduct Circular 230 does not actually address or regulate in any meaningful way overall presented currently overall presented currently overall
D. A direct fabrication that strikes at the core factual accuracy the tax reporting system genuinely depends upon for proper function presented currently overall presented

22. A practitioner's obligation to maintain confidentiality of client information generally applies to information discussed with a successor practitioner during a genuine transition of a client's file upon the original practitioner's retirement, because:

A. File transitions are treated as categorically outside the scope of confidentiality since they occur between two enrolled practitioners presented currently overall presented

B. An exception allows free disclosure of any information discussed during a file transition to any interested outside party whatsoever presented currently overall presented

C. Confidentiality attaches to information genuinely learned during the representation, requiring genuine care even during a permissible file transition between practitioners presented currently overall

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

23. A practitioner's decision to decline continuing representation upon learning the client has attempted to bribe an IRS employee involved in the matter generally is:

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

B. A violation of an implied duty to continue any representation regardless of attempts the client makes to influence government personnel presented currently overall presented currently overall

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

D. Permitted only if the practitioner first obtains a formal court ruling confirming the bribery attempt was actually genuine and credible presented currently overall presented currently overall

24. A practitioner's obligation regarding accuracy of representations extends to a formal request for a private letter ruling extension to the extent the request concerns:

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

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

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

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

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

A. The overarching goal is protecting the public and tax administration, not simply imposing the maximum theoretically available consequence presented currently overall presented

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

C. The practitioner's own personal preference is to have the shortest possible duration imposed regardless of the violation's actual severity presented currently overall presented

D. The harmed client's own personal preference is to have the shortest possible duration imposed regardless of the violation's actual severity presented currently overall presented

26. A practitioner's monetary penalty under Section 10.50 generally may be assessed alongside a requirement that the practitioner submit to periodic compliance monitoring for a defined period because:

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

B. The penalty and the monitoring requirement serve genuinely distinct purposes, with monitoring addressing genuine concerns about future compliance presented currently overall presented currently overall

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

D. The monetary penalty becomes legally unavailable once any monitoring requirement has actually been separately imposed for the conduct presented currently overall presented currently overall

27. A practitioner's reinstatement following disbarment generally requires OPR to consider whether the practitioner has developed a genuine understanding of the specific harm the original violation caused to:

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 presented

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

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

D. Both the individual client involved and the broader tax administration system that relies on practitioner integrity presented currently overall presented currently overall

28. A practitioner's obligation to disclose a conflict extends to a conflict arising from the practitioner's role as an unpaid advisory board member for a company whose stock the practitioner recommends to clients as an investment, requiring the practitioner to generally:

A. Simply decline the advisory board role entirely with no disclosure or evaluation ever required at all in the matter presented currently overall presented currently overall
B. Ignore the advisory board relationship entirely, since it is treated as unrelated to the tax representation itself in the matter presented currently overall presented
C. Disclose the advisory board relationship and evaluate whether it could improperly influence the specific investment recommendation given to clients presented currently overall
D. Disclose only to clients who specifically and independently ask about the practitioner's advisory board relationships 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 professional licensing renewal course attendance should generally include:

A. An assumption that a fellow-attendee client automatically presents no possible conflict of any kind whatsoever in the matter presented currently overall presented currently overall
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 presented currently overall
C. Skipping the conflict check entirely, since fellow-attendee clients are presumed to be pre-vetted already through the shared course attendance presented currently overall presented currently overall
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 presented

30. A practitioner's overall professional obligations under Circular 230 reflect a recognition that clients often cannot independently verify a practitioner's technical claims, requiring practitioners to serve as:

A. Sources of information clients should always independently verify through a completely separate expert before ever relying upon them presented currently overall presented
B. Sources whose technical claims carry no genuine reliability whatsoever regardless of the practitioner's actual underlying expertise presented currently overall presented currently overall

C. Genuinely trustworthy sources of accurate information the client can reasonably rely upon without independent expert verification presented currently overall presented currently overall
D. Sources clients should treat with the same skepticism as an entirely anonymous, unverified internet source of general information presented currently overall presented currently overall

31. A practitioner's overall commitment to Circular 230's standards ultimately reflects an understanding that the enrolled agent credential represents a genuine promise to the public that the holder will:

A. Consistently apply both technical competence and ethical judgment in service of clients and the broader tax administration system presented currently overall presented currently overall
B. Only apply technical competence, with ethical judgment treated as an entirely optional, secondary consideration presented currently overall presented currently overall presented currently overall
C. Only apply ethical judgment, with technical competence treated as an entirely optional, secondary consideration presented currently overall presented currently overall presented currently overall
D. Apply neither technical competence nor ethical judgment consistently, since the credential is treated as purely symbolic presented currently overall presented currently overall presented currently overall

32. A taxpayer's power of attorney should generally identify the specific years or periods covered using a format that avoids ambiguity to:

A. Satisfy a purely arbitrary IRS formatting preference carrying no genuine substantive purpose whatsoever attached to the form
B. Allow the IRS to calculate the practitioner's applicable continuing education fee more accurately based on periods stated
C. Determine which specific IRS office will ultimately be assigned to process the authorization based on periods cited
D. Prevent the IRS from either narrowly or overly broadly interpreting the actual authorization's genuine intended scope going forward

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

A. Execute a specific offer in compromise on the taxpayer's behalf absent specific separate authorization for that particular activity

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

34. A taxpayer's power of attorney generally is treated as covering a related excise tax determination for the same underlying business activity because:

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

35. A taxpayer's assessment statute of limitations generally is tolled during the period a taxpayer's request for a mediation session under Fast Track is pending because:

A. Fast Track requests are always automatically resolved immediately, eliminating any need for tolling consideration entirely presented currently overall
B. The assessment statute never applies to any matter proceeding under Fast Track mediation of any kind whatsoever presented currently overall
C. This specific circumstance is among the statutorily and administratively recognized tolling events affecting the assessment statute directly presented currently overall
D. The IRS lacks any authority whatsoever to address matters involving a pending Fast Track mediation request generally 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
B. A pending legislative change that could retroactively affect the current examination's own ultimate substantive outcome presented currently overall presented
C. A routine annual return for a subsequent, unrelated tax year not currently under examination presently presented currently overall presented
D. A formal complaint against the specific examining agent handling the current matter under review currently presented currently overall presented

37. A taxpayer's position supported by a formal Technical Advice Memorandum issued to a different, unrelated taxpayer generally reflects:

A. A guarantee the taxpayer's identical position will ultimately succeed if formally challenged by the examiner assigned to the matter
B. No relevance whatsoever to the taxpayer's own current matter or risk assessment under any circumstances presented currently overall
C. Binding law the IRS is legally required to follow in every subsequent, unrelated case presented currently overall presented currently overall
D. Internal IRS legal analysis, a genuinely relevant though not binding factor in the overall risk assessment for a different taxpayer's own matter

38. A taxpayer's reliance on a position supported by a well-reasoned dissenting opinion in a closely divided court decision, absent formal IRS or judicial authority directly on point, generally reflects:

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

39. A taxpayer's disclosure of a position through Form 8275 involving reliance on a dissenting opinion generally should include:

A. Only the taxpayer's personal opinion regarding whether the IRS will ultimately accept the disclosed position based on the dissent presented currently overall
B. A citation to the specific dissent and a description of how its reasoning applies to the taxpayer's own facts and circumstances presented currently overall
C. Only a general statement that some unspecified position is being disclosed with no further detail given about the dissent presented currently overall presented
D. A guarantee the disclosed position will definitely withstand any subsequent IRS challenge that may be raised based on the dissent presented currently overall

40. A taxpayer's genuinely good-faith reliance on a dissenting opinion's analysis, later found not to reflect the majority's actual holding, generally distinguishes the taxpayer from evasion because:

A. A dissenting opinion is automatically treated as legally binding regardless of the majority's actual holding on the identical issue presented currently overall
B. Legal incorrectness alone, regardless of good faith, is always sufficient to establish evasion under the applicable standard used generally presented currently overall
C. The reliance itself demonstrates an absence of intent to conceal facts, even where the analysis ultimately proved contrary to the majority holding presented currently overall
D. Courts are legally required to excuse any position consistent with a dissenting opinion issued in any related prior case presented currently overall presented

41. The Taxpayer Advocate Service's role in addressing a taxpayer's hardship arising from a delayed processing of a first-time penalty abatement request 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
B. Whether the delay is causing genuine, documented financial hardship beyond ordinary inconvenience experienced by the taxpayer presented currently overall presented
C. Only the specific total dollar amount of the underlying penalty, with no further inquiry into actual impact needed at all presented currently overall
D. Only whether the taxpayer has previously requested first-time abatement in any prior tax matter altogether presented currently overall presented currently overall

42. A Taxpayer Assistance Order addressing a delayed first-time penalty abatement request generally may direct the IRS to:

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

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

44. A practitioner's preliminary assessment of a new matter involving a taxpayer's proposed research tax credit claim should generally include confirming:

A. Only the specific research consultant's overall general reputation in the industry at the current time presented currently overall presented currently overall presented
B. Only the taxpayer's personal opinion regarding research tax credits generally as a tax planning strategy presented currently overall presented currently overall presented
C. Only the specific number of years the taxpayer has claimed the research tax credit previously presented currently overall presented currently overall presented currently

D. The specific activities genuinely satisfy the applicable four-part test governing qualified research under the governing statutory provisions presented currently overall

45. A conflict check's scope for a matter involving multiple business units of the same corporate taxpayer claiming research tax credits should generally extend to:

A. Only the corporation's own formal legal name, with no inquiry into individual business unit interests involved presented currently overall presented currently overall
B. Only the specific state in which the corporation's headquarters is located at the current time presented currently overall presented currently overall presented
C. Only the total dollar value of the overall research tax credit claim at the current time presented currently overall presented currently overall presented currently
D. Each individual business unit, given their potential differing interests in the credit's ultimate allocation and substantiation requirements presented currently overall

46. A taxpayer's account transcript entry reflecting an adjustment for a disallowed research tax credit 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. The IRS identified activities that failed to satisfy the applicable four-part test governing qualified research under the statute presented currently overall presented
C. An entry unrelated to any actual IRS action, requiring no further explanation at all needed currently presented currently overall presented currently overall
D. A penalty specifically assessed against the taxpayer for having claimed the research tax credit generally presented currently overall presented currently overall presented

47. A practitioner's analysis challenging a proposed adjustment involving a disallowed research tax credit 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 currently overall
B. Only the specific examiner's overall years of experience conducting examinations of similar matters presented currently overall presented currently overall presented currently overall

C. Identifying specific facts demonstrating the activities actually satisfied the applicable four-part qualified research test involved in the matter presented currently overall
D. Only the specific research consultant's overall stock market performance during the relevant period presented currently overall presented currently overall presented currently overall presented

48. A requesting spouse's Innocent Spouse Relief claim involving a disallowed research tax credit the other spouse's business solely controlled generally should address:

A. Whether the requesting spouse had actual knowledge of the research activities generating the adjustment at issue in the matter presented currently overall presented
B. Only the requesting spouse's personal opinion regarding research tax credits generally as a business tax strategy presented currently overall presented currently overall presented
C. Only the couple's total combined years of marriage before the research activities began originally presented currently overall presented currently overall presented currently overall
D. Only the requesting spouse's current occupation and specific employer at the present time currently presented currently overall presented currently overall presented currently

49. A practitioner's documentation for a matter involving a challenge to a disallowed research tax credit 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. Qualified research expenses and the nexus between each claimed expense and the applicable four-part test's requirements involved presented currently overall
C. Only the couple's shared taste in home decor and furnishings throughout their residence presented currently overall presented currently overall presented currently overall presented
D. Only the couple's preferred vacation destinations over the years they have been married presented currently overall presented currently overall presented currently overall presented

50. A practitioner's early assessment of potential criminal exposure in a matter involving a disallowed research tax credit should generally weigh:

A. Only the specific research consultant involved in facilitating the underlying research activities currently presented currently overall presented currently overall presented

B. Only the client's overall general demeanor during a single initial consultation meeting held currently presented currently overall presented currently overall presented currently

C. Whether the taxpayer's reporting reflects genuine good-faith interpretation of the four-part test or deliberate mischaracterization of routine activities as qualified research presented currently overall

D. Only the specific total number of years the taxpayer has claimed the research tax credit generally presented currently overall presented currently overall presented currently overall

51. A practitioner who identifies potential criminal exposure in a research tax credit 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 overall

B. Documenting the specific reasoning behind any referral made to specialized counsel for the matter presented currently overall presented currently overall presented currently overall

C. Continuing to handle unrelated civil matters for the client within the practitioner's actual competence presented currently overall presented currently overall presented currently overall

D. Advising the client to simply amend returns without first considering the full scope of the potential exposure identified currently presented currently overall presented

52. A Kovel arrangement's application to a research tax credit matter generally requires the accountant's analysis to be:

A. Directed by the attorney and genuinely connected to assisting the attorney's legal advice on the matter presented currently overall presented currently overall presented currently

B. Conducted entirely independently of any attorney direction or involvement whatsoever in the analysis conducted presented currently overall presented currently overall presented currently

C. Shared freely and openly with the IRS as the analysis progresses through its stages currently presented currently overall presented currently overall presented currently overall

D. Focused exclusively on matters having no connection whatsoever to any legal advice provided currently presented currently overall presented currently overall presented currently overall

53. A practitioner's case-building documentation for a research tax credit matter should generally include:

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

B. Project records, time-tracking data, and expense records supporting the actual nexus between claimed activities and the qualified research test presented currently overall

C. Only the consultant's general marketing materials describing its overall research credit study methodology presented currently overall presented currently overall presented currently

D. Only the taxpayer's personal opinion regarding the overall fairness of research tax credit qualification rules presented currently overall presented currently overall presented

54. A practitioner's overall case assessment for a research tax credit matter should generally distinguish between:

A. Activities genuinely satisfying the four-part qualified research test and activities that constitute routine, non-qualifying business functions presented currently overall presented

B. Only activities performed before versus after a specific arbitrary calendar date unrelated to the qualification requirements presented currently overall presented currently overall

C. Only activities performed in one specific department versus activities performed in another separate department presented currently overall presented currently overall

D. Only activities with a project name containing the word "research" versus activities without that word presented currently overall presented currently overall presented

55. A practitioner's overall case-building strategy for a matter involving numerous research projects requiring individual qualification analysis 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 presented

B. Only the consultant's own proposed characterization of each project, accepted without independent review conducted by the practitioner presented currently overall presented currently overall

C. Avoiding any systematic tracking entirely to prevent inviting additional scrutiny from the examiner presented currently overall presented currently overall presented currently overall

D. A systematic spreadsheet or similar tool tracking each project's activities against the applicable four-part test's specific requirements presented currently overall presented

56. A practitioner's overall preliminary case assessment process for a research tax credit 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 presented
C. The specific research activities and their applicable nexus to each element of the governing four-part qualified research test involved presented currently overall
D. 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 presented

57. A practitioner's case-building work for a matter involving a taxpayer's claimed reasonable cause for a research tax credit qualification 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. The specific reliance on qualified advisors and consultants and the reasonableness of that reliance given the circumstances presented currently overall presented
C. Only the specific total dollar amount of the claimed credit at issue in the matter presented currently overall presented currently overall presented currently overall presented
D. Only the specific research consultant the taxpayer originally used for the credit study presented currently overall presented currently overall presented currently overall presented

58. A practitioner's overall approach to preliminary case assessment for a genuinely complex multi-project research tax credit 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 overall
B. Complete avoidance of the complex matter in favor of addressing only more familiar, comfortable issues presented currently overall presented currently overall presented currently overall
C. Careful, thorough fact development before committing to a specific strategic approach for the matter presented currently overall presented currently overall presented currently overall
D. Deference entirely to the taxpayer's own proposed strategy with no independent practitioner analysis conducted presented currently overall presented currently overall presented currently overall

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

A. Genuinely supported by the actual facts developed, not assumed based on the mere fact research activities occurred presented currently overall presented currently overall presented
B. Automatically favorable to the taxpayer regardless of what the actual facts developed ultimately show overall presented currently overall presented currently overall presented
C. Automatically unfavorable to the taxpayer whenever research occurs, regardless of the actual facts present presented currently overall presented currently overall presented currently
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 overall

60. A practitioner's overall case-building philosophy for a research tax credit matter should generally reflect an understanding that the applicable rules:

A. Apply flexibly on a case-by-case basis with no genuine detailed standards actually involved at all presented currently overall presented currently overall presented currently overall
B. Never actually warrant any additional documentation beyond what a routine matter would require generally presented currently overall presented currently overall presented currently overall presented
C. Are legally prohibited from ever being examined by the IRS under any circumstances whatsoever presented currently overall presented currently overall presented currently overall presented
D. Involve a detailed, fact-intensive four-part test warranting careful, precise documentation of each claimed activity's qualification presented currently overall presented

61. A taxpayer's short-term payment plan proposal for a taxpayer with a disallowed research tax credit generally should address:

A. Whether the resulting additional tax liability affects the taxpayer's current available cash for payment made currently overall presented
B. Only the taxpayer's personal preference for the specific word "short-term" over other terminology used presented currently overall
C. Only the taxpayer's total combined assets regardless of their actual liquidity or availability at present presented currently overall

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

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

A. Only the taxpayer's financial position exactly as it existed before the credit disallowance was ever made presented currently overall presented
B. Only the specific research consultant's own general financial standing and reputation currently at this time presented currently overall presented
C. Only the specific bank through which the research expenses were originally paid by the taxpayer presented currently overall presented currently overall
D. The current financial picture, including any additional tax liability resulting from the credit disallowance made currently overall presented

63. A taxpayer's offer in compromise for a taxpayer with a disallowed research tax credit 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
B. Only the credit's originally claimed amount from the earlier, already-completed credit study activity presented currently overall presented currently overall
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 research consultant's own general fee schedule for facilitating the research credit study presented currently overall presented

64. A lien filed against a taxpayer's assets following a disallowed research tax credit generally attaches:

A. Only to the specific research assets themselves, not to the taxpayer's other separate assets held elsewhere presented currently overall presented
B. To the taxpayer's own property and rights to property, consistent with general federal tax lien principles applying broadly presented currently overall

C. To neither the taxpayer's own assets nor the research assets, since disallowed credits are treated as exempt from lien attachment presented currently overall

D. Only to the research consultant's own separate corporate assets used to facilitate the underlying credit study presented currently overall presented

65. A levy on a taxpayer's assets following a disallowed research tax credit generally is subject to:

A. An automatic exemption from levy specifically because the underlying liability arose from a disallowed research tax credit presented currently overall presented

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

C. Approval requirements from the research consultant before any levy may actually proceed against the taxpayer presented currently overall presented currently overall

D. The same general levy procedures and exemptions applicable to any other tax liability the taxpayer owes overall presented currently overall presented

66. A Currently Not Collectible determination for a taxpayer with a significant liability from a disallowed research tax credit generally requires evaluating:

A. Only the original claimed credit amount from the now-disallowed research activity itself completed presented currently overall presented currently overall

B. Only the specific research consultant's own general reputation in the industry currently at this time presented currently overall presented currently overall

C. The taxpayer's current genuine ability to pay, not the original amount of the credit originally claimed 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

67. A taxpayer's CDP hearing addressing a proposed levy following a disallowed research tax credit should generally raise the specific issue of:

A. Whether the levy would create genuine hardship given the taxpayer's actual current financial circumstances presented currently overall presented currently overall

B. Only the taxpayer's general personal opinion regarding the fairness of research tax credit qualification rules generally presented currently overall presented
C. Only the specific total number of years the taxpayer has claimed research tax credits generally presented currently overall presented currently overall presented
D. Only the specific federal agency responsible for regulating research tax credit arrangements generally presented currently overall presented currently overall presented

68. A TFRP assessment is generally unrelated to a disallowed research tax credit matter because TFRP addresses:

A. The exact same underlying tax issue a disallowed credit 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 a disallowed research tax credit presented currently overall
C. A penalty specifically triggered whenever a research tax credit is disallowed for any taxpayer generally presented currently overall presented currently overall presented
D. An issue that only arises for taxpayers who have previously claimed a research tax credit generally presented currently overall presented currently overall presented

69. A responsible person's TFRP liability generally is unrelated to whether the person separately claimed a research tax credit because:

A. TFRP liability turns on control over trust fund payments, not on the person's own separate research tax credit claim presented currently overall presented
B. Research tax credit claims automatically increase the responsible person's TFRP exposure regardless of any other factor present presented currently overall presented
C. Taxpayers claiming research tax credits 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 research tax credit amounts presented currently overall presented currently overall presented

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

A. Occurred during the research consultant'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 overall

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

D. Genuinely concerned tax advice regarding the credit, not merely general research consulting or scientific guidance provided currently presented currently overall

71. A taxpayer's Cohan estimate is generally inapplicable to establishing the precise nexus between a claimed expense and the four-part qualified research test because:

A. Cohan estimates apply exclusively to matters involving unrelated personal expenses rather than research credit calculations generally presented currently overall presented currently overall

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

C. The nexus must be established using actual documentary evidence connecting the expense to qualifying activities, not through reasonable estimation methods presented currently overall

D. Research tax credit matters are categorically excluded from any application of the Cohan doctrine whatsoever entirely presented currently overall presented currently overall

72. A practitioner's review of an RAR's proposed adjustment disallowing a research tax credit should generally verify the examiner's:

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

B. Specific factual findings regarding the four-part test element actually cited as the basis for the disallowance 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 a research tax credit disallowance 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 activities genuinely satisfy each applicable element of the four-part qualified research test disputed by the examiner presented currently overall presented

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

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

74. A CP-2000 notice's proposed adjustment involving a discrepancy related to a research tax credit should generally prompt verification against:

A. The taxpayer's actual Form 6765 documentation and how the credit was genuinely reported on the return filed presented currently overall presented currently overall

B. Only the specific research consultant's overall general reputation in the industry currently at this time presented currently overall presented currently overall presented

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

75. A taxpayer's Tax Court petition contesting a research tax credit disallowance should generally identify:

A. Only the taxpayer's own general, unsupported opinion regarding research tax credits generally as a business strategy presented currently overall presented currently overall

B. Only the total number of research tax credits the taxpayer has claimed over the taxpayer's business history presented currently overall presented currently overall

C. Only the specific research consultant the taxpayer originally used for the underlying credit study presented currently overall presented currently overall presented currently

D. The specific basis for disputing the examiner's factual findings regarding the four-part test element at issue presented currently overall presented currently overall

76. A taxpayer's Appeals conference preparation for a research tax credit dispute should generally include:

A. Simply asserting the credit was properly claimed with no supporting evidence or documentation provided at all presented currently overall presented currently overall
B. Avoiding any discussion of the applicable four-part test methodology to prevent inviting additional scrutiny entirely presented currently overall presented currently overall
C. A clear presentation of the specific evidence supporting the actual nexus between claimed activities and the four-part test's requirements 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 a research tax credit dispute should generally be documented to specify:

A. Only the Appeals Officer's own general personal preference regarding research tax credits generally presented currently overall presented currently overall presented currently
B. Only the specific conference room where the settlement was actually reached during the meeting held presented currently overall presented currently overall presented currently overall
C. Only the taxpayer's general overall satisfaction with how the dispute was ultimately resolved overall presented currently overall presented currently overall presented currently overall
D. The specific credit amount ultimately allowed 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 a research tax credit dispute where the disputed amount:

A. Involves any research tax credit whatsoever, since such credits are categorically excluded from this election generally presented currently overall presented currently overall
B. 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
C. Falls at or below the applicable dollar threshold, regardless of the underlying credit's complexity overall presented currently overall presented currently overall presented

D. Must involve a business entity specifically, since individual taxpayers cannot claim research tax credits generally presented currently overall presented currently overall presented

79. A taxpayer's formal written protest for a research tax credit 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
B. The taxpayer's actual satisfaction of each applicable element of the four-part test under the governing statutory requirements presented currently overall presented
C. Only a demand that the examiner simply accept the taxpayer's proposed treatment without question raised presented currently overall presented currently overall presented currently
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

80. A taxpayer's Appeals settlement for a research tax credit dispute involving a partial reduction in the allowed credit generally should be documented to specify:

A. How the reduced allowed credit was ultimately determined and the resulting recalculated tax effect reached currently presented currently overall presented currently overall
B. Only the Appeals Officer's own general personal philosophy regarding research tax credits generally presented currently overall presented currently overall presented currently overall
C. Only the specific date the original research activities first began 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 a research tax credit dispute should generally weigh whether:

A. The specific mediator happens to have personal experience with scientific research 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

C. The taxpayer's representative has previously used mediation in an entirely unrelated prior matter altogether presented currently overall presented currently overall presented currently
D. A neutral mediator could genuinely help resolve the specific remaining factual disagreement over the four-part test's application presented currently overall presented

82. A taxpayer's Appeals conference outcome for a research tax credit dispute resulting in a partial concession by the IRS generally reflects:

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

83. A practitioner's overall goal in preparing case-building materials for a research tax credit Appeals conference should generally include:

A. Assuming the Appeals Officer will simply accept the credit without any independent scrutiny of the record presented currently overall presented currently overall presented currently
B. Anticipating challenges to the taxpayer's activity nexus and four-part test satisfaction 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 research tax credit dispute itself presented currently overall presented currently overall presented currently

84. A practitioner's overall approach to representing a taxpayer in a research tax credit dispute should generally reflect an understanding that:

A. The IRS generally grants broad equitable exceptions to the four-part qualified research test requirements upon request presented currently overall presented currently overall

B. The four-part test requirements are treated as merely advisory guidelines with no genuine enforcement consequence at all presented currently overall presented currently overall
C. Strict satisfaction of the four-part test is generally required, leaving little room for equitable exceptions upon request presented currently overall presented currently overall
D. Courts routinely excuse noncompliant activities regardless of the taxpayer's specific circumstances presented currently overall presented currently overall presented currently overall presented

85. A preparer's software calculation for a return involving a research tax credit should generally still involve manual review of:

A. Only the federal portion, since state-level research credit calculations are treated as automatically reliable presented currently overall presented currently overall
B. Whether Form 6765's credit calculation was correctly applied consistent with the actual qualified research expenses claimed presented currently overall
C. No portion of the return at all, since research credit software is treated as inherently more accurate overall presented currently overall presented
D. Only the client's name and address fields, with no substantive calculation review needed at all presented currently overall presented currently overall

86. A preparer's discovery of a duplicate entry affecting a claimed research tax credit illustrates the importance of reviewing:

A. Only the specific software version number used to prepare the particular return at issue presented currently overall presented currently overall presented currently
B. Only the client's stated preference for how the research should ultimately be characterized generally presented currently overall presented currently overall presented currently
C. How the credit amount was actually calculated and whether figures were entered only once correctly and completely presented currently overall presented
D. Only the total number of research tax credits the taxpayer has claimed over the years generally presented currently overall presented currently overall presented

87. A preparer's Section 6107(b) obligation for a return involving a research tax credit generally applies to:

A. The return as a whole, including the specific Form 6765 documentation supporting the claimed credit presented currently overall presented currently overall presented
B. Only the portion of the return unrelated to the research tax credit specifically involved in the matter presented currently overall presented currently overall presented
C. Only a separate, distinct recordkeeping category maintained apart from the general return records kept currently presented currently overall presented currently overall
D. Only if the IRS specifically requests the research 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 research tax credit 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. Only whatever security measures a single, specific competitor firm happens to currently use in practice presented currently overall presented currently overall presented currently
C. No specific evaluation criteria at all, since research tax credit records are treated as purely routine information presented currently overall presented currently overall presented
D. The genuine sensitivity and complexity of the underlying research and financial data involved presented currently overall presented currently overall presented currently

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. Client base includes taxpayers with genuinely complex returns, such as those involving research tax credits presented currently overall presented currently overall presented
C. Background has actually been reviewed as part of the applicable application process undertaken overall presented currently overall presented currently overall presented currently
D. Information provided in the application has actually been verified for accuracy by the reviewer presented currently overall presented currently overall presented currently overall

90. A firm's decision to accept clients requiring research tax credit reporting should generally include evaluating whether the firm has:

A. Simply changed its office coffee supplier with no other change involved in the decision at all presented currently overall presented currently overall presented currently
B. Updated its website's visual design with no other substantive change involved in the decision overall presented currently overall presented currently overall presented currently
C. Sufficient internal expertise or access to appropriate resources to competently handle such matters presented currently overall presented currently overall presented currently
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

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

A. Returns involving routine matters and returns involving genuinely complex issues like research tax credits presented currently overall presented currently overall presented
B. Returns filed for individual taxpayers and returns filed for business entities within the same firm presented currently overall presented currently overall presented currently
C. Returns filed within a specific calendar year and returns filed in an entirely different calendar year presented currently overall presented currently overall presented currently
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

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

A. Only the preparer's own general opinion regarding the complexity of research tax credit rules generally presented currently overall presented currently overall presented
B. The specific recognized exception category actually applicable, not the underlying complexity of the credit issue itself presented currently overall presented currently overall
C. Only the specific research consultant the taxpayer actually used to facilitate the credit study presented currently overall presented currently overall presented currently overall
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 currently
B. A documented lack of reliable internet access genuinely preventing electronic filing of the return altogether presented currently overall presented currently overall presented currently
C. A documented religious objection genuinely qualifying under the applicable recognized exception available generally presented currently overall presented currently overall presented currently
D. The mere complexity of a client's research tax credit, since complexity alone is not a recognized hardship category presented currently overall presented currently overall presented

94. A taxpayer's Form 8879 authorization for a return involving a research tax credit generally requires the taxpayer to:

A. Review the completed return, including the claimed credit and Form 6765, before signing the authorization for filing presented currently overall presented currently overall
B. Personally understand every technical detail of the four-part test's application before signing the authorization presented currently overall presented currently overall presented currently
C. Obtain independent verification of the research activities from a completely separate practitioner or scientist presented currently overall presented currently overall presented currently overall
D. Sign a supplemental form specifically acknowledging the credit'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 a research tax credit generally is:

A. Extended to a longer period specifically because of the credit's underlying complexity involved presented currently overall presented currently overall presented currently overall presented
B. Waived entirely for returns involving research tax credits given their genuinely specialized nature and treatment presented currently overall presented currently overall presented currently
C. Subject to a completely separate set of retention rules unique to such credit returns specifically involved presented currently overall presented currently overall presented currently
D. The same standard retention obligation applicable to any other return, regardless of the underlying complexity presented currently overall presented currently overall presented currently

96. A preparer's confirmation of Form 8453 requirements for a return involving a research tax credit attachment should generally include checking:

A. Only whether the research credit happens to be favorable or unfavorable to the taxpayer overall this year presented currently overall presented currently overall presented
B. Only the specific total dollar amount of the resulting credit claimed on the return filed presented currently overall presented currently overall presented currently overall
C. Whether the specific attachment requires separate transmittal under current applicable instructions currently in effect presented currently overall presented currently overall
D. Only whether the taxpayer has previously claimed a research tax credit in any prior tax year filed presented currently overall presented currently overall presented currently

97. A rejected return involving a research tax credit should generally have its correction verified to confirm:

A. The specific error identified in the rejection has been resolved without altering the substantive credit position taken presented currently overall presented currently overall presented
B. 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
C. The specific font used throughout the return remains unchanged from the original submission filed initially presented currently overall presented currently overall presented currently overall
D. 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

98. A preparer's overall response protocol for rejections affecting returns with research tax credit issues should generally include:

A. Automatic assignment to whichever staff member happens to be available first, regardless of relevant experience held presented currently overall presented currently overall presented currently
B. No differentiated protocol at all, since all rejections are treated identically regardless of underlying complexity present presented currently overall presented currently overall presented currently
C. Automatic resubmission without any review, since such credit rejections are presumed to be simple errors overall presented currently overall presented currently overall presented currently

D. Escalation to a more experienced staff member familiar with the specific four-part qualified research test rules involved 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 a research tax credit, 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
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
B. Genuine accuracy in complex matters requires the same careful compliance attention as any other filing presented currently overall presented currently overall presented currently
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
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 31: Answer Key and Explanations

1. C — C—This disclosure allows the IRS to genuinely evaluate the applicant's overall pattern of professional conduct across licensing bodies before granting enrollment. It does not result in automatic denial regardless of status, does not trigger notification to the accountancy board, and does not affect any application fee calculation involved here at all.

2. B — B—Such hours always genuinely and clearly qualify provided the assessment genuinely requires the practitioner's own demonstrated comprehension of the material rather than passive consumption. Merely purchasing materials regardless of completion, the provider's location in the practitioner's home state, and personally knowing the author do not themselves establish qualifying credit here.

3. D — D—This obligation always genuinely exists because some IRS-facing programs or disclosures may genuinely reference carrier information, making accurate records genuinely important for practitioners. Carrier changes are not treated as more legally significant than enrollment status, there is no single-approved-carrier requirement, and failing to update does not automatically trigger discipline here.

4. A — A—This decision always reflects consideration of whether the conduct genuinely falls within OPR's own civil disciplinary jurisdiction rather than requiring a separate criminal referral. 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. C — C—Due diligence requires a reasonable inquiry into whether the taxpayer genuinely resides in or has a business within an officially declared disaster area claimed. Direct federal agency verification is not required, automatic disallowance above an arbitrary amount is inappropriate, and no inquiry at all under any circumstances misstates this standard.

6. B — B—A reversed decision genuinely no longer carries the precedential weight it once did, genuinely affecting the strength of any position relying upon it. Reversed decisions are not treated as carrying more weight than unappealed ones, reversal is not entirely irrelevant to this determination, and the obligation is not entirely waived by its 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. D — D—Such an arrangement should always specify how the fee will genuinely be allocated across the engagement's multiple years and what actually triggers each corresponding payment made. The practitioner's own general structuring preference, the specific bank used for deposit, and the practitioner's years of project-fee experience are not themselves this required specification.

9. C — C—An unsubstantiated claim of being "the most comprehensive" is potentially misleading unless the practitioner can actually substantiate the superlative claim with genuine, verifiable data. Superlative language is not categorically exempt from scrutiny, does not require every competitor's agreement, and is not automatically dismissed as harmless puffery under Circular 230's standards.

10. D — D—This particular analysis evaluates whether the sibling's employment could reasonably be perceived as affecting the practitioner's independent judgment in handling the current matter presented. The sibling's salary amount, general unrelated family discussions, and years worked there are not themselves the substantive factors this analysis turns on in the matter presented.

11. B — B—Proper documentation should always clearly and genuinely address the specific safeguards actually in place to prevent the family relationship from improperly influencing the matter's handling. The practitioner's own opinion of the sibling's career success, the disputed dollar amount, and the employment's timing relative to enrollment are not this required content.

12. A — A—Sound procedures require disclosure of the family 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. A — A—This violation may be established where the practitioner actually knew or recklessly disregarded that the figure had genuinely been previously corrected in an earlier amended return. Simply using the consistent prior figure without inquiry, never having personally prepared the original return, and delegating the confirmation task alone do not themselves establish this reckless standard.

14. D — D—This obligation requires distinguishing between a genuine filing status dispute and a representation genuinely known to misstate the underlying marital or household 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. B — B—Identifying the specific regulatory version allows the client to genuinely understand which specific regulatory framework actually formed the basis for the opinion's conclusions. This is not a purely cosmetic formatting requirement, does not guarantee a favorable outcome regardless of which version applies, and does not eliminate the underlying analytical obligation.

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

17. C — C—Such a claim should be based on genuine, verifiable engagement records reflecting the firm's actual client relationships over the specific stated period involved. Substantially rounding up for impressiveness, categorically prohibiting all such claims, and basing the figure on a single favorable relationship rather than typical experience are all inappropriate approaches.

18. A — A—This obligation genuinely attaches to whoever currently holds custody of the relevant records regardless of the specific storage encryption method actually used. There is no regulation exempting encrypted records from this obligation, encrypted records are not treated as categorically less reliable, and the cloud provider's specific written consent is not required.

19. B — B—Failing to identify clearly applicable Health Coverage Tax Credit eligibility may reflect a genuine shortfall in the competence and diligence standards Circular 230 expects. 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. D — D—Reevaluation is always genuinely warranted because the newly discovered licensing 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. D — D—This violation is treated with particular seriousness because it involves a direct fabrication 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 — C—Confidentiality always genuinely and quite clearly attaches to information genuinely learned during the representation, requiring genuine care even during a permissible file transition. File transitions are not categorically outside confidentiality's scope, there is no exception permitting free disclosure, and a specific written confidentiality request is not required for this here.

23. A — A—Declining continued representation upon learning of this bribery attempt is always an appropriate exercise of professional judgment consistent with Circular 230's overall standards. There is no implied duty to continue regardless of such attempts, this decision carries genuine professional significance, and no prior court ruling is required to properly decline here at all.

24. B — B—This accuracy obligation extends to both the factual basis for the requested extension 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. A — A—This duration reflects that the overarching goal is genuinely protecting the public and tax administration, not simply imposing the maximum theoretically available consequence. 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. B — B—The penalty and monitoring requirement always genuinely and clearly serve genuinely distinct purposes, with monitoring addressing genuine concerns about the practitioner's future compliance going forward. OPR is not legally required to impose every remedy simultaneously in every matter, monitoring does not automatically trigger a mandatory penalty, and the penalty remains available.

27. D — D—OPR considers whether the practitioner has developed genuine understanding of the harm caused to both the individual client and the broader tax administration system relying on integrity. The practitioner's own financial need, mere elapsed years alone, and the practitioner's own opinion about the original sanction's fairness are not themselves this required consideration.

28. C — C—This scenario requires disclosing the advisory board relationship and genuinely evaluating whether it could improperly influence the specific investment recommendation actually given. Simply declining the role entirely 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-attendee 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 and quite clearly reflect the recognition that clients often cannot independently verify technical claims, requiring practitioners to serve as genuinely trustworthy sources here. This is not about clients always needing separate independent verification, technical claims carrying no reliability, or treating practitioners with anonymous-source-level skepticism at all.

31. A — A—This commitment reflects the understanding that the credential represents a genuine promise to consistently apply both technical competence and ethical judgment in service of clients and the system. It does not represent a promise of only technical competence, only ethical judgment, or neither quality applied consistently, since the credential carries genuine substantive meaning.

32. D — D—A clear identification of covered periods always prevents the IRS from either narrowly or overly broadly interpreting the authorization's genuine intended scope. 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 at all.

33. A — A—A standard power of attorney always does not authorize executing a specific offer in compromise absent specific separate authorization for that heightened activity granted. It does authorize discussing covered matters with the assigned IRS employee, receiving notice copies, and advocating the taxpayer's position at an examination interview held with the examiner.

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

35. C — C—This specific circumstance is always genuinely among the statutorily and administratively recognized tolling events affecting the assessment statute during a pending Fast Track request. Such requests are not always automatically resolved immediately, the assessment statute does apply to matters involving them, and the IRS does have authority to address them here.

36. B — B—This request should be evaluated against whether the extension would allow time for a pending legislative change to retroactively affect the current examination's outcome. 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. D — D—Such a memorandum reflects internal IRS legal analysis, a genuinely relevant though not binding factor in the risk assessment for a different taxpayer's own matter. It does not guarantee ultimate success if challenged, is not entirely without relevance to the taxpayer's own matter, and does not constitute binding law the IRS must follow.

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

39. B — B—A proper disclosure should include a citation to the specific dissent and a description of how its genuine reasoning 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. C — C—This good-faith reliance demonstrates a genuine absence of intent to conceal facts from the government, even where the analysis ultimately proved contrary to the majority holding. A dissent is not automatically binding regardless of the majority holding, legal incorrectness alone does not always establish evasion, and courts are not required to automatically excuse it.

41. B — B—TAS assessment includes evaluating whether the delay is genuinely causing documented financial hardship beyond mere ordinary inconvenience experienced by the taxpayer. 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 request history at all.

42. A — A—Such a TAO may always genuinely direct the IRS to expedite processing of the specific request consistent with the applicable hardship criteria actually established here. 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. C — C—An EA's unlimited practice rights extend to a denial of a requested excise tax refund claim, 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. D — D—A proper preliminary assessment confirms whether the specific activities genuinely satisfy the applicable four-part test governing qualified research under statutory provisions. The consultant's general industry reputation, the taxpayer's opinion of research credits generally, and the years of prior claims alone are not themselves the substantive factors this assessment should focus on.

45. D — D—A thorough conflict check for this matter should always extend to each individual business unit, given their genuinely differing potential interests in the credit's allocation and substantiation. The corporation's formal legal name alone, its headquarters location, and the total credit value are not themselves sufficient without this broader unit-level inquiry here.

46. B — A—This entry generally indicates the IRS identified activities that genuinely failed to satisfy the applicable four-part test governing qualified research under the statute. 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 claimed the credit.

47. C — C—A proper challenge always focuses on identifying specific facts genuinely demonstrating the activities actually satisfied the applicable four-part qualified research test involved here. The taxpayer's general opinion of fairness, the examiner's years of experience, and the consultant's stock market performance are not themselves the substantive basis this challenge should focus on.

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

49. B — B—Proper documentation always genuinely addresses the specific qualified research expenses and the nexus between each claimed expense and the applicable four-part test's requirements here. Wedding venue choice, shared home decor taste, and vacation preferences are not themselves the substantive factors this specific credit-related challenge should actually address here at all.

50. C — C—A sound assessment weighs whether the taxpayer's reporting genuinely reflects good-faith interpretation or instead deliberate mischaracterization of routine activities as qualified research. The specific consultant involved, the client's general demeanor at one meeting, and the years of prior claims alone are not themselves the substantive factors this assessment should focus on.

51. D — D—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. Advising consultation with experienced tax controversy counsel, documenting referral reasoning, and continuing unrelated civil matters within competence are all appropriate, recommended responses instead here.

52. A — A—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 always genuinely and clearly include project records, time-tracking data, and expense records supporting the actual nexus between claimed activities and the test itself. A bare general assertion with no supporting documentation, the consultant's marketing materials, and the taxpayer's opinion of fairness are not themselves this required documentation.

54. A — A—A proper case assessment always distinguishes between activities genuinely satisfying the four-part qualified research test and activities constituting routine, non-qualifying functions performed. An arbitrary unrelated date, the specific department involved, and mere naming convention are not themselves meaningful analytical distinctions this assessment should draw here at all in the matter.

55. D — D—Case-building for numerous projects requiring individual qualification analysis should always genuinely include a systematic spreadsheet tracking each project's activities against the test. Relying only on narrative with no tracking, simply accepting the consultant's characterization without review, and avoiding tracking entirely all fail to properly manage this complexity here at all.

56. C — C—A thorough preliminary assessment should always genuinely include documenting the specific research activities and their applicable nexus to each element of the governing test actually involved here. A fee-only documentation, a software-only documentation, and a general satisfaction-only documentation all fail to capture this substantive, expected content the assessment should include.

57. B — B—Case-building for this reasonable cause claim should always document the specific reliance on qualified advisors and consultants and the genuine reasonableness of that reliance shown. The taxpayer's own subjective belief alone, merely the credit's total dollar amount, and merely the consultant used are not themselves this required documentation for the file.

58. C — C—A sound approach reflects careful, thorough fact development before committing to a specific strategic approach for this genuinely complex multi-project matter presented. 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. A — A—The genuine aim is ensuring the qualification position is actually supported by the facts genuinely developed, not simply assumed favorable or unfavorable based on occurrence. 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.

60. D — D—This philosophy should always reflect the understanding that the applicable rules involve a detailed, fact-intensive four-part test warranting careful, precise documentation of each activity set. The rules do not apply flexibly with no genuine detailed standards, 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. D — D—This statement should always genuinely reflect the current financial picture, genuinely including any additional tax liability resulting from the credit disallowance. It is not based on the pre-disallowance position alone, is not based on the consultant's own financial standing, and is not based on merely the bank used for payment 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 credit's earlier claimed amount, and the consultant's fee schedule are not themselves this specific relevant content here at all in the matter presented.

64. B — B—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 research assets, is not exempt from attaching to the taxpayer's assets, and does not attach to the consultant's own separate corporate assets.

65. D — D—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 consultant'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 claimed credit amount. The original claimed credit amount alone, the consultant's reputation, and the taxpayer's own preferred figure are all inadequate bases for this evaluation made in the matter presented.

67. A — A—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 credit qualification rules fairness, total years claiming credits, 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 disallowed credit. It does not address the same underlying issue as such a credit, is not specifically triggered by disallowance, and does not arise only for taxpayers who claimed such a credit.

69. A — A—TFRP liability always genuinely turns on control over trust fund tax payments, entirely unrelated to whether the person separately claimed such a credit here. Credit claims do not automatically increase TFRP exposure, claimants are not exempt from TFRP, and the two use entirely different calculation methods altogether in every case presented.

70. D — D—Asserting this privilege always requires clearly and quite genuinely establishing the communication genuinely concerned tax advice regarding the credit's treatment, not merely general guidance provided. Communication timing during the consultant's business hours, written versus verbal communication, and copying outside counsel are not themselves the required elements this claim demands here.

71. C — C—The nexus always must be established using actual documentary evidence genuinely connecting the expense to qualifying activities, not through Cohan-style estimation. Cohan estimates do not apply exclusively to unrelated personal expenses, the nexus is not treated as flexible for estimation, and research credit matters generally are not categorically excluded from Cohan.

72. B — B—A proper review always genuinely and clearly verifies the examiner's specific factual findings regarding the four-part test element actually cited as the basis for disallowance. 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 quite clearly address whether the specific activities genuinely satisfy each applicable element of the four-part test actually disputed here now. A mere unspecified alternative treatment preference, the representative's prior general experience, and the activities' convenient timing are not themselves the substantive issue here at all.

74. A — A—This should always genuinely prompt verification against the taxpayer's actual Form 6765 documentation and how the credit was genuinely reported on the return. The consultant's general industry reputation, the specific display font, and the presence of an official seal are all irrelevant to this genuine substantive verification actually needed here.

75. D — D—A proper petition always genuinely identifies the specific basis for disputing the examiner's factual findings regarding the four-part test element actually at issue here. A general unsupported opinion about credits, mere lifetime credit claim count, and merely the consultant used are not themselves the required substantive content this petition needs at all.

76. C — C—Preparation for this dispute should always genuinely include a clear presentation of the specific evidence supporting the actual nexus between activities and the test. 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 quite clearly specify the specific credit amount ultimately allowed and the resulting genuine tax effect for the given year. The Officer's general personal preference regarding research credits, the specific conference room location, and the taxpayer's general satisfaction are not themselves this required documentation.

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

79. B — B—A proper protest always genuinely and clearly cites specific evidence supporting the taxpayer's actual satisfaction of each applicable element of the four-part test set. 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. A — A—Proper documentation should always genuinely and quite clearly specify how the reduced allowed credit was ultimately determined and the resulting genuine recalculated tax effect reached here. The Officer's general philosophy regarding research credits, the original activities start date, and the taxpayer's general satisfaction are not themselves this required documentation content.

81. D — D—This decision should always genuinely and clearly weigh whether a neutral mediator could genuinely help resolve the specific remaining factual disagreement over the test's application. The mediator's unrelated personal scientific research experience, a preferred scheduling day, and the representative's unrelated prior mediation experience are not themselves the substantive factors here.

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

83. B — B—Effective preparation always genuinely and quite clearly includes anticipating challenges to the taxpayer's activity nexus and four-part test satisfaction and preparing well-supported responses given here. Assuming the Officer will accept the credit without scrutiny, preparing only for personally interesting challenges, and preparing only for unrelated matters all reflect inadequate preparation.

84. C — C—This approach should always genuinely reflect the understanding that strict satisfaction of the four-part test is generally required, leaving little room for exceptions. The IRS does not generally grant broad equitable exceptions upon request, the requirements are not merely advisory, and courts do not routinely excuse noncompliance regardless of circumstances.

85. B — B—Manual review should always genuinely focus on whether Form 6765's credit calculation was correctly applied consistent with the actual qualified research expenses claimed. 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. C — C—This particular discovery always genuinely and clearly illustrates the importance of reviewing how the credit amount was actually calculated and confirming figures entered once. The specific software version, the client's characterization preference, and the total credits claimed are all irrelevant to this genuine substantive single-entry review needed here at all.

87. A — A—This obligation always genuinely applies to the return as a whole, genuinely including the specific Form 6765 documentation supporting the claimed credit. 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. D — D—Reasonable security should always genuinely reflect the genuine sensitivity and complexity of the underlying research and financial data actually involved in the matter. Choosing the least expensive option regardless of adequacy, simply matching a specific competitor, and having no evaluation criteria at all all fail to reflect genuinely reasonable security here.

89. B — B—Approval always genuinely reflects meeting suitability standards regardless of whether the applicant's client base includes taxpayers with genuinely complex returns like such credits 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. C — C—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. A — A—This determination always genuinely does not distinguish between routine returns and returns involving genuinely complex issues like research tax credits, 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. B — B—Form 8948 should always genuinely 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 credit complexity, the specific consultant used, or the preparer's unrelated past filing history here at all.

93. D — D—A waiver request should always genuinely not be based on the mere complexity of a client's research tax credit, 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. A — A—The taxpayer generally must always genuinely review the completed return, including the claimed credit and Form 6765, before signing the Form 8879 authorization here at all. The taxpayer need not personally understand every technical four-part test 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 credit complexity actually involved. It is not extended for this specific complexity, is not waived entirely for such returns, and is not subject to a completely separate unique rule set here at all.

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

97. A — A—Verification should always genuinely confirm the specific identified error has been resolved without inadvertently altering the substantive credit 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. D — D—A sound protocol should always genuinely include escalation to a more experienced staff member genuinely familiar with the specific four-part test rules involved here now. 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.

99. C — C—Training should always genuinely address recognizing when complexity like a research tax credit warrants additional internal review, given the heightened risk of errors present. 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 now.

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.