PRACTICE EXAM 9: 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 initial application for enrollment through the examination path generally follows:

A. Passing all three parts of the SEE and then submitting the enrollment application within the required window
B. Submitting the enrollment application first, before any part of the SEE has been attempted
C. Passing only one part of the SEE, with the remaining parts optional for enrollment
D. No specific sequence at all, since application and examination occur simultaneously

2. A practitioner's status as "enrolled" but currently on inactive retirement status generally means the practitioner:

A. Has been formally and permanently disbarred with no possibility of any future reactivation
B. May not practice before the IRS while inactive but retains the underlying credential
C. May continue practicing exactly as before with absolutely no meaningful restriction
D. Has automatically forfeited the credential entirely and must reapply from scratch

3. A practitioner's continuing education hours completed in excess of the minimum requirement for one renewal cycle generally:

A. Automatically carry forward in full to reduce the next cycle's requirement
B. Result in a formal commendation letter issued by OPR to the practitioner
C. Are entirely wasted and cannot be counted toward anything whatsoever

D. Do not carry forward to satisfy a future renewal cycle's separate requirement

4. OPR's authority to investigate a practitioner generally may be triggered by:

A. Only a complaint filed directly by the practitioner's own current client
B. Only a referral specifically initiated by the IRS Commissioner personally
C. A complaint from a client, a referral from an IRS employee, or OPR's own independent inquiry
D. Only an anonymous tip submitted with absolutely no identifying information provided

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

A. Independent physical inspection of the client's home by the practitioner personally
B. Automatic disallowance of any home office deduction claimed by a self-employed taxpayer
C. A reasonable inquiry into whether the space genuinely meets the exclusive and regular use standards
D. No inquiry whatsoever, since home office claims are presumed accurate automatically

6. A practitioner's advice regarding a position supported by substantial authority but not disclosed on the return is generally:

A. Permitted under Section 10.34, since substantial authority alone satisfies the standard without requiring disclosure
B. Prohibited entirely, since every position must be disclosed regardless of the authority level
C. Permitted only if the client separately and additionally discloses the position in writing
D. Relevant only if the IRS later happens to actually examine the specific return

7. A contingent fee for representation involving a claim under Section 7623, the whistleblower program, is generally:

A. Prohibited entirely, since whistleblower claims always require a fixed hourly fee arrangement
B. Permitted only if the disputed amount exceeds a specific minimum dollar threshold

C. Permitted only for a licensed attorney, never for an Enrolled Agent representing the claimant
D. Permitted, as a recognized exception within the general contingent fee framework

8. A practitioner's fee arrangement disclosed clearly in a written engagement letter is generally evaluated for reasonableness based on:

A. The disclosure alone, since clear written disclosure automatically renders any fee reasonable
B. The actual services rendered and the complexity of the matter, not merely the disclosure itself
C. Whether the client happened to read the entire engagement letter carefully before signing
D. The specific font size used to print the fee amount within the engagement letter

9. A practitioner's advertisement claiming affiliation with the IRS beyond simply being an authorized practitioner is generally:

A. Permitted, provided the practitioner genuinely believes the affiliation claim is accurate
B. Permitted only for Enrolled Agents specifically, never for attorneys or CPAs
C. Permitted so long as a small disclaimer appears somewhere within the advertisement
D. Prohibited as misleading, since it falsely suggests an official government affiliation

10. A practitioner's conflict of interest analysis regarding representation of a business's multiple co-owners generally considers:

A. Only the total combined ownership percentage of all co-owners together
B. Only which co-owner happens to be the practitioner's own personal friend
C. Whether each co-owner's specific interests in the matter genuinely align or diverge
D. Only the specific order in which the co-owners originally joined the business

11. A practitioner's written consent documentation for a conflict should generally be retained for:

A. A period consistent with the practitioner's general client recordkeeping practices
B. No defined period at all, since retention timing is treated as entirely irrelevant

C. Exactly thirty days following the date consent was actually obtained
D. Only until the specific matter that gave rise to the conflict formally concludes

12. A firm's Section 10.36 compliance procedures failure that results in repeated violations by multiple staff members suggests:

A. Purely coincidental, unrelated individual mistakes with no connection to firm-wide procedures
B. A systemic issue with the firm's overall training or oversight, not merely isolated individual error
C. That Section 10.36 does not actually apply to firms below a certain specific size
D. That only the individual staff members involved, not the firm itself, bear any responsibility

13. A practitioner's Section 10.51(a)(4) violation for false statements applies regardless of whether the statement was made:

A. Orally or in writing, since both forms of communication are covered equally
B. During business hours specifically, as opposed to outside normal business hours
C. To a supervisory IRS employee specifically, as opposed to a more junior employee
D. In the practitioner's own home state, as opposed to a different U.S. state

14. A practitioner's obligation regarding accuracy of representations to the IRS is best understood as applying to representations made:

A. Only representations made in the practitioner's own individual personal tax matters
B. On the taxpayer's behalf in connection with any matter the practitioner is handling
C. Only representations specifically requested in writing by the IRS beforehand
D. Only representations made during the practitioner's very first year of active enrollment

15. A practitioner's written tax opinion prepared for internal firm training purposes, never shared with any client, is generally:

A. Entirely exempt from any professional standard whatsoever, since it is purely internal

B. Automatically subject to the full covered-opinion disclosure requirements regardless of never being shared

C. Still subject to general professional standards of accuracy, though outside formal covered-opinion rules

D. Irrelevant to Circular 230 in every respect, since it was never provided to any client

16. A practitioner's competence obligation regarding an emerging area of tax law, such as new legislation, generally requires:

A. Immediate, comprehensive mastery of every single new legislative provision the moment it is enacted

B. No obligation whatsoever until the new provision has been in effect for at least five years

C. Reliance exclusively on the client's own understanding of any new legislative change

D. Making a genuine effort to stay reasonably informed of significant changes relevant to the practitioner's practice

17. A practitioner's advertising claim regarding the firm's overall success rate in resolving IRS disputes should generally be:

A. Presented in the most favorable possible light regardless of the actual underlying data

B. Omitted entirely from all advertising, since success rate claims are categorically prohibited

C. Accurate and substantiated by genuine underlying data, not merely an unverified estimate

D. Based on a single, particularly favorable past case rather than the firm's overall record

18. A practitioner's obligation under Section 10.20 to cooperate with a lawful IRS request generally does NOT extend to:

A. Providing records the practitioner actually possesses that were lawfully and properly requested

B. Providing legal advice to the IRS regarding how the agency should interpret its own request

C. Responding within a reasonable timeframe to a properly authorized and scoped request

D. Clarifying with the requesting IRS employee any genuine ambiguity in the specific request

19. A practitioner's failure to advise a client of a specific tax credit for which the client clearly and obviously qualifies may reflect:

A. A potential shortfall in the competence and diligence Circular 230 expects of practitioners
B. An entirely acceptable practice, since practitioners have no obligation to identify every possible credit
C. A matter completely outside any Circular 230 concern whatsoever regarding the practitioner
D. Relevant only if the client can prove the practitioner intentionally withheld the information

20. A practitioner's conflict of interest evaluation should generally occur:

A. Only once, at the very conclusion of the entire representation, retrospectively
B. Only if a client formally raises a specific concern about a potential conflict
C. Only if the matter ultimately proceeds all the way to formal litigation
D. Before accepting a new matter and continuously as the representation subsequently develops

21. A practitioner's disreputable conduct violation under Section 10.51(a)(10) may involve:

A. A single, genuinely inadvertent omission of a required signature line
B. A signature that is merely stylistically different from the practitioner's usual handwriting
C. A signature placed slightly outside the specifically designated signature box
D. Willfully failing to sign a return the practitioner was actually required to sign

22. A practitioner's obligation regarding client confidentiality generally applies to information obtained through:

A. Only direct verbal communications, never written documents the client separately provides
B. Both direct client communications and documents the client provides during the engagement
C. Only written documents, never verbal communications the client separately makes
D. Neither category, since confidentiality applies only to formally executed engagement letters

23. A practitioner's obligation to decline an engagement presenting an unwaivable conflict of interest exists to protect:

A. Only the practitioner's own personal financial interests in avoiding potential liability
B. Only the IRS's own narrow administrative interest in efficient case processing
C. The integrity of the representation each client is entitled to receive
D. Only the interests of the practitioner's other, entirely unrelated clients generally

24. A practitioner's obligation to promptly return client records applies to records the practitioner:

A. Actually possesses that belong to or were provided by the client
B. Merely recalls from memory without any actual physical or electronic possession
C. Created entirely for the practitioner's own exclusive internal use and analysis
D. Received from an entirely unrelated third party with no connection to the client

25. A practitioner's overall obligation to the tax system is reflected in the general prohibition against:

A. Charging a client any fee whatsoever for legitimate professional services rendered
B. Declining to accept a new client due to a full engagement calendar
C. Advertising the firm's legitimate services to the general public
D. Assisting a client in understating a tax liability through improper means

26. A practitioner's censure sanction generally does NOT result in:

A. A formal, public disciplinary record reflecting the underlying violation
B. Potential reputational consequences for the sanctioned practitioner
C. Any interruption of the practitioner's ability to continue practicing before the IRS
D. A genuine finding that some Circular 230 violation actually occurred

27. A practitioner's suspension sanction that has already fully run its course generally requires:

A. The exact same extensive reinstatement petition process disbarment reinstatement requires
B. No additional formal reinstatement petition, since practice generally resumes automatically
C. A separate criminal background check conducted before practice may resume
D. Retaking the full Special Enrollment Examination before practice may resume

28. A practitioner's monetary penalty under Section 10.50 is distinct from a fee refund to the client in that the penalty:

A. Is payable to the government, not returned to the specific client involved in the underlying matter
B. Is always identical in amount to whatever fee the practitioner originally charged the client
C. Automatically triggers a separate, additional fee refund obligation to the client as well
D. Can never be imposed in any matter where the client has already been fully refunded

29. A practitioner's obligation to disclose a conflict extends to a conflict arising from the practitioner's relationship with:

A. Only another individual client, never any business entity of any kind
B. Only the practitioner's own immediate family members specifically
C. Only the IRS itself as an institution, which is not actually a genuine conflict source
D. A business entity in which the practitioner holds a personal financial interest

30. A practitioner's overall approach to identifying potential conflicts should generally include:

A. Relying entirely on the client's own voluntary disclosure of any potential conflict
B. A systematic process applied consistently across every new engagement, not an ad hoc approach
C. Conducting a conflict check only for matters the practitioner considers unusually significant
D. No formal process at all, since conflicts are presumed to be self-evident when they exist

31. A practitioner's overall professional obligations under Circular 230 exist within a framework that also includes:

A. Substantive tax law itself, procedural rules, and the practitioner's own state licensing requirements
B. Only Circular 230 itself, with no other relevant body of law or regulation involved
C. Only state licensing requirements, with Circular 230 itself being entirely irrelevant
D. Only substantive tax law, with no procedural rules playing any role whatsoever

32. A power of attorney's designation of "all years" without specifying particular tax years is generally:

A. Fully accepted, since "all years" is treated as a valid, sufficiently specific designation
B. Accepted only for business tax matters, never for individual tax matters
C. Not properly accepted, since the form requires specific years or periods to be identified
D. Accepted automatically once the taxpayer's signature is properly notarized

33. A representative's Form 2848 authority to negotiate directly with a revenue officer is generally:

A. Outside the standard scope, requiring a specifically checked box authorizing this particular activity
B. Prohibited entirely, since only the taxpayer personally may negotiate with a revenue officer
C. Permitted only if a licensed attorney is separately present during the negotiation
D. Within the standard scope of representation authority, without requiring separate special notation

34. A taxpayer's power of attorney generally survives:

A. A change in the taxpayer's own marital status during the course of the representation
B. The taxpayer's own death, absent a specific durable provision extending it
C. The specific matters and periods covered by the authorization concluding entirely
D. The representative's own voluntary withdrawal from the representation

35. A taxpayer's assessment statute of limitations tolling period generally ends when:

A. The taxpayer simply requests that the tolling period end early

B. A fixed calendar year has elapsed regardless of the triggering event's actual status
C. The specific event that triggered the tolling, such as litigation, actually concludes
D. The IRS unilaterally decides to resume the statute's running for administrative convenience

36. A taxpayer's Form 872-A open-ended consent may generally be terminated by the taxpayer using:

A. A simple verbal notification to any available IRS employee
B. Form 872-T, Notice of Termination of Special Consent to Extend the Time to Assess Tax
C. No formal mechanism at all, since Form 872-A cannot actually be terminated by the taxpayer
D. The same original Form 872-A resubmitted with a line crossed out

37. A taxpayer's reliance on a formal Revenue Ruling directly on point with the taxpayer's own facts generally provides:

A. No meaningful authoritative support whatsoever, since rulings are treated as purely advisory
B. Support weaker than an informal, non-precedential IRS website FAQ on the same topic
C. Support that applies only to the specific taxpayer who originally requested the ruling
D. Strong authoritative support, since Revenue Rulings are official published guidance

38. A taxpayer's tax position ultimately rejected by the Tax Court, despite being disclosed and well-documented, generally:

A. Remains distinguishable from evasion, since disclosure and documentation reflect legitimate avoidance
B. Automatically becomes evasion the moment the court rules against the taxpayer's position
C. Triggers automatic criminal prosecution regardless of the taxpayer's actual good faith
D. Proves the taxpayer acted with willful intent to deceive the government throughout

39. The Taxpayer Advocate Service's independence is reinforced by the National Taxpayer Advocate's requirement to:

A. Report exclusively and only to the IRS Commissioner with no other reporting obligation
B. Submit an annual report to Congress identifying significant taxpayer problems
C. Operate entirely outside any federal governmental structure whatsoever
D. Obtain the IRS Commissioner's prior approval before issuing any Taxpayer Assistance Order

40. A Taxpayer Assistance Order request supported by documentation of a genuine, ongoing IRS processing delay illustrates:

A. A matter entirely outside any recognized TAS hardship category whatsoever
B. Grounds for automatic denial, since processing delays are treated as routine and non-hardship
C. A recognized systemic delay hardship category supporting TAS involvement
D. A matter properly addressed only through a formal Tax Court petition instead

41. An Enrolled Agent's representation authority before the IRS Independent Office of Appeals is generally:

A. More limited than the EA's authority during an examination specifically
B. Available only if the disputed matter exceeds a specific minimum dollar threshold
C. The same unlimited authority the EA holds for examinations and collection matters generally
D. Available only with separate, additional written approval from the Appeals Officer

42. A practitioner's preliminary assessment of a new matter should generally include confirming:

A. Only the client's own personal opinion of the practitioner's overall reputation
B. Whether the practitioner has the requisite competence to handle the specific matter presented
C. Only the specific day of the week the initial consultation happens to occur
D. Only whether the client's office happens to be conveniently located nearby

43. A conflict check performed for a new matter involving a business entity should generally also consider:

A. The entity's owners, officers, or other affiliated parties who might separately present a conflict
B. Only the entity's own formal legal name, with no further inquiry into affiliated parties
C. Only the entity's specific industry classification code for tax purposes
D. Only the entity's total number of years in continuous business operation

44. A taxpayer's account transcript showing a specific assessment date is useful for a practitioner primarily to:

A. Determine the taxpayer's overall filing status for an entirely unrelated tax year
B. Determine the specific software the taxpayer's original preparer used
C. Confirm the taxpayer's current mailing address on file with the IRS
D. Calculate the applicable Collection Statute Expiration Date for that specific liability

45. A practitioner's evaluation of the Collection Financial Standards for a taxpayer's specific situation should generally account for:

A. Only the taxpayer's personal preference for a particular standard of living
B. Only the taxpayer's own subjective opinion of what expenses feel reasonable
C. Only the taxpayer's specific occupation, regardless of household size or location
D. The taxpayer's actual household size and specific geographic location

46. A requesting spouse's Innocent Spouse Relief claim generally requires demonstrating the understatement relates to:

A. An item attributable equally and identically to both spouses in every single case
B. An item entirely unrelated to any joint return the couple ever actually filed
C. An item attributable to the other spouse, not the requesting spouse's own reported items
D. An item the requesting spouse personally and directly reported on the return

47. A practitioner's documentation for a Separation of Liability Relief request should generally establish:

A. Only the requesting spouse's personal opinion regarding the other spouse's overall character
B. The requesting spouse's current marital or living-apart status meeting the statutory requirement
C. Only the couple's total combined years of marriage before any separation occurred
D. Only the requesting spouse's current occupation and specific employer

48. A practitioner's evaluation of whether Equitable Relief is appropriate should generally weigh multiple factors because:

A. No single factor is automatically determinative under the applicable multi-factor test
B. The IRS requires exactly seven specific factors to be present simultaneously in every case
C. Equitable Relief is otherwise entirely unavailable to any taxpayer under any circumstances
D. A single favorable factor automatically guarantees relief regardless of any other consideration

49. A practitioner's early identification of potential criminal exposure should generally prompt consideration of:

A. Only whether the client's overall personality is generally pleasant to work with
B. Only whether the client has previously referred other new clients to the practitioner
C. Only whether the matter happens to be procedurally interesting to the practitioner personally
D. Whether continuing the civil representation without separate criminal counsel remains appropriate

50. A practitioner's decision to continue representing a client after referring them to criminal counsel should generally be documented to reflect:

A. Only the practitioner's own general satisfaction with the overall client relationship
B. Only the specific date the referral letter to criminal counsel was originally mailed
C. The specific, limited scope of the practitioner's continued civil-matter involvement
D. Only the criminal counsel's own personal educational background and credentials

51. A Kovel arrangement's benefit to the client is most significant where the underlying matter involves:

A. Genuine potential criminal exposure where privilege protection carries real practical value
B. A routine, straightforward civil matter with absolutely no criminal exposure of any kind
C. A matter the client has already fully and voluntarily disclosed to the IRS
D. A matter involving only a modest, small dollar amount in genuine dispute

52. A practitioner's case-building documentation should generally distinguish between:

A. Only facts the practitioner personally finds interesting versus facts the practitioner finds mundane
B. Facts the practitioner has independently verified and facts based solely on the client's own representation
C. Only facts that occurred on weekdays versus facts that occurred on weekends
D. Only facts involving round dollar amounts versus facts involving specific odd amounts

53. A practitioner's overall preliminary case assessment for a collection matter should generally include estimating:

A. Which collection resolution options the taxpayer's actual financial situation likely supports
B. Only the taxpayer's own personal preference for a specific resolution, regardless of financial reality
C. Only the total original dollar amount of the underlying tax liability itself
D. Only the specific revenue officer's own general reputation for flexibility

54. A practitioner's case notes documenting a client meeting should generally capture:

A. Only the specific meeting location and the exact time the meeting began
B. Only the client's preferred beverage during the meeting
C. The substantive facts discussed and any decisions or next steps agreed upon
D. Only the total duration of the meeting in minutes, with no further substantive detail

55. A practitioner's overall case-building approach for a complex matter should generally be adjusted based on:

A. Only the practitioner's own personal mood on a given day during the representation
B. New information that emerges and genuinely changes the practitioner's understanding of the matter
C. Only the specific day of the week the practitioner happens to be working on the file
D. Only the client's own general likability as perceived by the practitioner

56. A practitioner's obligation to maintain organized case files serves which of the following purposes?

A. Satisfying a purely bureaucratic formality with no genuine practical value whatsoever
B. Impressing the client with the sheer physical volume of paper documentation generated
C. Increasing the total number of billable hours the practitioner can charge for the matter
D. Supporting efficient representation and providing a defensible record if the practitioner's work is later questioned

57. A practitioner's preliminary assessment of a new engagement's applicable deadlines should generally be documented to:

A. Ensure the practitioner and firm can track and meet each relevant deadline going forward
B. Satisfy a purely cosmetic requirement with no genuine practical significance whatsoever
C. Impress the client with the practitioner's own apparent thoroughness and diligence
D. Justify charging the client an additional administrative fee for deadline tracking

58. A practitioner's case-building process for a matter involving multiple potential legal theories should generally:

A. Automatically pursue only the single theory the practitioner personally finds most interesting
B. Automatically pursue every conceivable theory regardless of each theory's actual underlying strength
C. Evaluate the relative strength of each theory given the specific facts actually available
D. Defer entirely to whichever theory the client happens to personally prefer, regardless of merit

59. A practitioner's case-building work product ultimately serves to support:

A. Only the practitioner's own internal time-tracking and billing records specifically
B. Only the practitioner's own future marketing materials directed at prospective clients
C. Only the practitioner's personal professional development portfolio documentation
D. An accurate, well-organized presentation of the taxpayer's position throughout the representation

60. A practitioner's overall preliminary case assessment should generally conclude with:

A. Only a vague, general impression with no specific documented conclusions reached
B. A clear understanding of the matter's key facts, applicable law, and a proposed initial strategy
C. Only a decision regarding the practitioner's own fee for the engagement
D. Only a decision regarding the specific software the practitioner will use going forward

61. A taxpayer's request for a short-term payment plan should generally be evaluated against the taxpayer's:

A. Personal preference for the word "short-term" rather than a longer formal agreement
B. Total combined net worth across every asset the taxpayer owns
C. Overall credit score reported by a private credit bureau
D. Realistic ability to fully pay the balance within the specific short-term period proposed

62. A taxpayer's streamlined installment agreement calculation generally divides the balance owed by:

A. A fixed twelve-month period regardless of the total balance owed
B. The taxpayer's own personal preference for a specific number of months
C. The number of months remaining, up to 72, or the months remaining until the CSED, whichever is fewer
D. The number of dependents the taxpayer currently claims on the return

63. A Doubt as to Collectibility offer's asset valuation generally uses:

A. Quick-sale value rather than full fair market value, reflecting a forced-sale scenario

B. Full retail fair market value with no discount applied for a forced sale scenario
C. The taxpayer's own original purchase price, regardless of any subsequent appreciation or depreciation
D. An entirely random estimate with no consistent valuation methodology applied at all

64. A taxpayer's offer in compromise rejected for insufficient RCP coverage should generally prompt the practitioner to:

A. Immediately abandon any further pursuit of an offer in compromise entirely
B. Reevaluate the RCP calculation for errors and consider whether a higher offer amount is warranted
C. Simply resubmit the identical offer amount without any further analysis
D. File a lawsuit against the IRS Offer Specialist personally for the rejection

65. A lien priority dispute between the federal tax lien and a subsequently recorded mortgage generally depends on:

A. Which creditor happens to have the larger overall total claim amount
B. Which claim was actually perfected first under the applicable priority rules
C. Which creditor is a bank versus a government agency, with banks always prevailing
D. The taxpayer's own personal preference regarding which creditor should be paid first

66. A levy's continuous attachment to wages differs from a one-time bank levy in that the wage levy:

A. Automatically terminates after exactly thirty days regardless of any release
B. Only reaches wages already earned before the levy notice was received
C. Requires a formal release to stop attaching to future paychecks
D. Cannot be released under any circumstances once it has begun

67. A Currently Not Collectible taxpayer's future income increase discovered during a periodic IRS review generally results in:

A. Potential reactivation of collection if the increase meaningfully changes the ability-to-pay analysis

B. No consequence whatsoever, since CNC status is treated as entirely permanent once granted
C. Automatic criminal prosecution for the change in the taxpayer's financial circumstances
D. Immediate, mandatory acceptance of an offer in compromise regardless of RCP

68. A taxpayer's CDP hearing request that is ultimately unsuccessful preserves the right to:

A. Automatically receive a full refund of any amount previously paid toward the liability
B. Permanently and immediately bar any further IRS collection action of any kind
C. Automatically qualify for Currently Not Collectible status regardless of financial circumstances
D. Petition Tax Court for review of the adverse CDP determination

69. A TFRP investigation's interview process should generally be approached by a represented individual with:

A. No representative involvement at all, since the interview is treated as purely routine
B. The representative's active involvement, given the significant personal liability potentially at stake
C. Complete silence throughout, providing absolutely no information of any kind
D. Full, unguided cooperation with no preparation of any kind beforehand

70. A responsible person's TFRP defense based on lack of actual authority over payments generally requires demonstrating:

A. Only that the individual personally disliked the company's overall payment decisions
B. Only that the individual held a relatively junior job title within the organization
C. Only that the individual was hired relatively recently compared to other employees
D. The individual genuinely lacked the practical ability to decide which creditors were paid

71. A practitioner's Section 7525 privilege assertion in response to an IRS document request should generally be:

A. A blanket assertion covering every single document the practitioner has ever created

B. Withheld entirely, since asserting privilege is treated as generally inappropriate
C. Specific to the particular communications actually claimed as privileged, not a blanket assertion
D. Made only after the IRS has already formally rejected the underlying document request

72. A taxpayer's Cohan estimate for a genuinely credible but undocumented expense should generally be presented with:

A. A clear explanation of the basis for the specific estimated amount proposed
B. No explanation whatsoever, since the estimate alone is presumed sufficient on its own
C. A demand that the examiner simply accept the figure without any further question
D. A refusal to discuss the underlying basis if the examiner happens to ask about it

73. A practitioner's review of an RAR's cited legal authority should generally confirm the authority:

A. Was issued within the current calendar year specifically
B. Was issued by a specific named individual at the IRS Office of Chief Counsel
C. Has not been superseded, overruled, or otherwise rendered inapplicable since it was issued
D. Appears in a specific font style within the printed RAR document

74. A taxpayer's response to a 30-day letter requesting an Appeals conference should generally be submitted:

A. At any time whatsoever, since Appeals conference requests carry no applicable deadline
B. Within the specific window the letter itself identifies for requesting the conference
C. Only after the taxpayer has already independently retained separate litigation counsel
D. Only after the collection statute of limitations has fully expired for that tax year

75. A CP-2000 notice's calculation methodology should generally be reviewed by the practitioner to confirm:

A. The specific tax rates and applicable adjustments applied are actually correct for the situation

B. Only that the notice was printed on the correct official IRS letterhead paper
C. Only that the notice arrived within a specific number of days of being mailed
D. Only that the notice's overall total page count falls within an expected range

76. A taxpayer's decision whether to respond to a CP-2000 notice at all, as opposed to a full formal protest, should generally reflect:

A. The mistaken assumption that CP-2000 notices and full examinations require identical responses
B. The mistaken assumption that a CP-2000 notice can simply be ignored with no consequence
C. The mistaken assumption that a CP-2000 always requires immediate Tax Court litigation
D. The CP-2000's more limited, automated matching nature compared to a full examination

77. A taxpayer's Tax Court petition should generally be reviewed by the practitioner before filing to confirm:

A. Only that the petition document's total physical weight falls within a specific range
B. Only that the petition was printed using a specific brand of printer
C. All contested adjustments and the taxpayer's basis for disputing each are clearly and accurately stated
D. Only that the petition includes the taxpayer's favorite color as a personal touch

78. A taxpayer's Appeals conference outcome should generally be communicated to the taxpayer:

A. Only in extremely technical legal terminology with no plain-language explanation provided
B. Promptly and clearly, explaining the actual terms and practical implications of any resulting settlement
C. Only after a substantial, unexplained delay following the conference's actual conclusion
D. Only if the taxpayer specifically and formally requests an update in writing first

79. A taxpayer's decision to elect the small tax case procedure should generally be made with full understanding that:

A. The election guarantees a more favorable outcome than the regular Tax Court procedure would produce
B. The election requires representation specifically by a licensed attorney
C. The election automatically doubles the applicable Tax Court filing fee
D. The resulting decision generally cannot be appealed to a circuit court of appeals

80. A taxpayer's formal written protest's discussion of applicable law should generally cite authority that is:

A. Directly relevant to the specific facts and issues actually presented in the taxpayer's case
B. As voluminous as possible regardless of its actual direct relevance to the specific case
C. Limited exclusively to informal, non-precedential IRS website content
D. Selected primarily based on which authority happens to be easiest to locate quickly

81. A taxpayer's Appeals settlement involving a payment plan for the settled amount should generally be documented to specify:

A. Only the Appeals Officer's own personal contact information for future reference
B. The specific payment schedule and consequences of default on the settled amount
C. Only the specific building address where the Appeals conference physically took place
D. Only the taxpayer's general overall satisfaction with the entire Appeals process

82. A taxpayer's Post-Appeals Mediation session that does not result in full resolution generally leaves the taxpayer with the option to:

A. No further option whatsoever, since mediation is treated as the taxpayer's absolute final opportunity
B. Automatically receive the taxpayer's originally requested resolution regardless of the mediation's actual outcome
C. Request an entirely new examination of the same tax year from a different examiner
D. Proceed to Tax Court litigation on the remaining unresolved issues

83. A practitioner's Appeals representation strategy should generally be informed by an understanding that Appeals Officers:

A. Are required by policy to always uphold whatever position the original examiner initially took
B. Have no genuine settlement authority of any kind and must forward every case to litigation
C. Independently evaluate hazards of litigation rather than simply defending the examiner's original position
D. Are prohibited from ever considering any factual argument the taxpayer presents at the conference

84. A practitioner's overall goal in Appeals representation should generally be to achieve:

A. The most favorable resolution reasonably achievable given the genuine strength of the taxpayer's position
B. Complete taxpayer victory on every single issue regardless of each issue's actual underlying merit
C. The fastest possible resolution regardless of whether it is genuinely favorable to the taxpayer
D. A resolution that satisfies only the practitioner's own personal professional reputation concerns

85. A preparer's obligation to review a completed return persists even for a long-standing client because:

A. IRS regulations specifically mandate additional scrutiny only for long-standing clients
B. Long-standing clients are statistically more likely to attempt deliberate fraud
C. Circumstances and applicable tax law can genuinely change from year to year
D. The client's prior-year return automatically becomes legally invalid without annual review

86. A preparer's final review catching a duplicate entry before filing avoids which specific consequence for the client?

A. An overstated tax liability requiring a later amended return to correct
B. An automatic criminal referral that would otherwise be entirely unavoidable
C. Permanent loss of the client's ability to ever file electronically again
D. Automatic disqualification from claiming the standard deduction going forward

87. A preparer's Section 6107(b) obligation is generally satisfied through electronic recordkeeping provided the system:

A. Uses the single most expensive available electronic storage solution on the market
B. Is physically located at the preparer's own personal residence rather than the office
C. Requires no backup procedures of any kind, since electronic storage is inherently permanent
D. Reliably preserves the required information and remains accessible for the applicable retention period

88. A preparer's data security safeguards for electronic client records should generally include:

A. Storing all electronic records on a single shared drive with universal, unrestricted access
B. Password protection and controlled access limiting which staff can view sensitive information
C. No specific technical safeguards at all, since electronic threats are treated as purely theoretical
D. Publishing a general summary of client information for internal firm-wide reference purposes

89. An IRS e-file Application's review process generally takes into account the applicant's:

A. Personal preference for a specific make and model of computer hardware
B. Overall background and suitability for participating responsibly in the e-file program
C. Specific choice of business cards or letterhead design used by the firm
D. General taste in office wall art or interior decorating choices

90. A firm's decision to add a new e-file Provider role beyond its existing role should generally involve:

A. No further consideration at all, since adding roles is treated as an entirely automatic process
B. Obtaining approval from a majority vote of the firm's own individual clients
C. Waiting a mandatory five-year period after the firm's original e-file Provider approval
D. Reviewing the specific additional responsibilities the new role would require the firm to satisfy

91. A preparer's covered-return count for e-file mandate purposes generally excludes:

A. Any return at all, regardless of the specific category or type involved
B. Only returns prepared during the final week of the overall filing season
C. Returns falling outside the specific categories the applicable IRS guidance defines as covered
D. Only returns for clients the preparer has served for less than one full year

92. A preparer's Form 8948 attachment for a taxpayer-choice exception should generally reference:

A. The taxpayer's own documented statement affirmatively electing paper filing
B. Only the preparer's own general opinion regarding electronic filing as a concept generally
C. Only the specific software the preparer would have otherwise used for e-filing
D. Only the preparer's own personal filing history from several years in the past

93. A preparer's Form 8944 hardship waiver approval generally does NOT exempt the preparer from:

A. The electronic filing mandate for the specific returns the approval actually covers
B. The requirement to attach Form 8948 to each covered paper-filed return
C. Other applicable Circular 230 obligations unrelated to the specific electronic filing mandate
D. Compliance with the specific scope and period the actual approval document specifies

94. A taxpayer's Form 8879 authorization using the Practitioner PIN method places responsibility on the ERO to:

A. Select any PIN of the ERO's own choosing with no taxpayer involvement required at all
B. Notarize the taxpayer's signature before the electronic transmission can properly occur
C. Mail a physical paper copy of the return to the IRS in addition to the electronic filing
D. Obtain proper authorization from the taxpayer before entering the taxpayer's PIN on the taxpayer's behalf

95. An ERO's Form 8879 retention should generally be organized to allow prompt production if:

A. A completely unrelated third party with no connection to the matter simply asks to see it
B. The IRS specifically requests verification of a particular return's authorization
C. The preparer's own personal curiosity about a prior year's return happens to arise
D. A competing firm requests access to review the preparer's client files generally

96. A preparer's confirmation of whether Form 8453 applies to a specific document should generally happen:

A. Before the return is actually transmitted, allowing proper handling of the specific document
B. Only after the return has already been transmitted and subsequently rejected
C. Only if the client specifically and separately asks about the requirement first
D. Only during a routine annual firm-wide meeting held once per year

97. A rejected return's correction and retransmission within the perfection period should generally be:

A. Delayed as long as the perfection period technically allows, regardless of actual urgency
B. Made without regard to whether the correction actually addresses the specific rejection reason
C. Submitted using a completely different tax year than the one originally rejected
D. Prompt and accurate, genuinely addressing the specific rejection reason identified by the system

98. A preparer's response to a client's suspected identity theft rejection should generally avoid assuming:

A. The rejection may reflect a genuine identity theft concern warranting further investigation
B. The client may benefit from obtaining an Identity Protection PIN going forward
C. The rejection is a routine, easily corrected data entry error requiring no further investigation
D. The IRS's identity theft affidavit process may be relevant to resolving the situation

99. A preparer's overall e-file compliance program should generally include training staff on:

A. Only general office supply ordering procedures unrelated to any e-file compliance topic
B. Proper handling of rejected returns, including the perfection period and identity theft indicators

C. Only the firm's internal holiday schedule unrelated to any e-file compliance topic

D. Only general customer greeting scripts unrelated to any specific e-file compliance topic

100. An e-file Provider's overall responsibility framework reflects the broader principle that:

A. Electronic filing privileges carry corresponding obligations to protect the system's overall integrity

B. Electronic filing carries no meaningful obligations beyond what traditional paper filing has always required

C. Electronic filing exists purely to reduce the preparer's own personal administrative workload

D. Electronic filing responsibilities apply only during the specific months of the primary filing season

Practice Exam 9: Answer Key and Explanations

1. A — A—The examination path generally requires passing all three parts of the SEE first, then submitting the enrollment application within the required one-year window that follows. Submitting the application before attempting the exam, passing only one part, and having no specific sequence at all all misstate the actual required order of these steps.

2. B — B—Inactive retirement status means the practitioner may not currently practice before the IRS, but the underlying EA credential itself is retained rather than lost entirely. This is not the same as permanent disbarment, does not permit continued unrestricted practice, and does not require reapplying entirely from scratch to resume active status.

3. D — D—Excess hours completed in one renewal cycle generally do not carry forward to reduce a future cycle's separate requirement, since each cycle has its own independent minimum. They do not automatically carry forward, do not result in a formal OPR commendation letter, and while not carrying forward, they were not entirely wasted for the cycle in which earned.

4. C — C—OPR investigations may be triggered by a client complaint, a referral from an IRS employee who identifies a concern, or OPR's own independent inquiry into potential misconduct. This is not limited only to client complaints, is not limited only to a Commissioner-initiated referral, and is not limited only to a completely anonymous, unidentified tip.

5. C — C—Due diligence requires a reasonable inquiry into whether the claimed space genuinely satisfies the exclusive and regular use standards, not necessarily a personal physical inspection. Personally inspecting the home is not required, automatic disallowance for any self-employed taxpayer is inappropriate, and home office claims are not presumed accurate without any inquiry at all.

6. A — A—A position supported by substantial authority satisfies Section 10.34's standard without requiring disclosure, since substantial authority alone is sufficient for an undisclosed position. This is not a requirement that every position be disclosed regardless of authority level, does not require additional separate written disclosure, and the standard applies regardless of whether an examination later occurs.

7. D — D—A contingent fee for a Section 7623 whistleblower claim is generally permitted, falling within the recognized exceptions to the general contingent fee prohibition. It does not require a fixed hourly fee arrangement in every case, carries no minimum dollar threshold, and is not restricted to attorneys, applying equally to Enrolled Agents representing claimants.

8. B — B—Fee reasonableness is evaluated based on the actual services rendered and the matter's genuine complexity, not merely satisfied by clear written disclosure alone. Disclosure alone does not automatically render any fee reasonable regardless of amount, whether the client carefully read the letter is not itself determinative, and font size is entirely irrelevant to reasonableness.

9. D — D—Claiming an IRS affiliation beyond simply being an authorized practitioner is prohibited as misleading, since it falsely suggests an official government relationship that does not exist. Genuine belief in the claim's accuracy does not cure the prohibition, the rule applies across all practitioner types, and a mere disclaimer does not cure this specific misleading claim.

10. C — C—This conflict analysis centers on whether each co-owner's specific interests in the particular matter genuinely align or instead meaningfully diverge from one another. Total combined ownership percentage, personal friendship with a specific co-owner, and the order co-owners joined the business are not themselves the substantive factors this analysis turns on.

11. A — A—Consent documentation should generally be retained for a period consistent with the practitioner's broader general client recordkeeping practices, not an arbitrarily short or specifically tied period. It is not retained for no defined period at all, is not limited to a fixed thirty days, and should not be discarded merely once the specific matter concludes.

12. B — B—Repeated violations across multiple staff members suggests a genuine systemic issue with the firm's overall training or oversight, not merely coincidental isolated individual errors. This pattern is not properly dismissed as purely coincidental, Section 10.36 applies regardless of firm size, and the firm itself, not only individuals, can bear responsibility here.

13. A — A—Section 10.51(a)(4) applies regardless of whether the false statement was made orally or in writing, since both communication forms are covered equally under this provision. It does not distinguish based on business hours timing, does not distinguish based on the specific IRS employee's seniority level, and does not distinguish based on the specific state involved.

14. B — B—This accuracy obligation applies broadly to representations made on the taxpayer's behalf in connection with any matter the practitioner is actually handling for that client. It is not limited only to the practitioner's own personal tax matters, is not limited to specifically requested written representations, and is not limited to only the first enrollment year.

15. C — C—An internal training opinion never shared with a client remains subject to general professional accuracy standards, though it falls outside the more specific formal covered-opinion rules. It is not entirely exempt from any standard whatsoever, is not automatically subject to the full covered-opinion disclosure rules, and is not entirely irrelevant to Circular 230's broader concerns.

16. D — D—Competence requires making a genuine, reasonable effort to stay informed of significant legal changes relevant to the practitioner's actual practice areas, not instant comprehensive mastery. Immediate mastery of every provision is unrealistic, there is no five-year grace period before any obligation applies, and reliance solely on the client's own understanding is inappropriate.

17. C — C—A success rate claim should be accurate and genuinely substantiated by real underlying data reflecting the firm's actual overall record, not an unverified or cherry-picked estimate. Presenting it in the most favorable light regardless of accuracy, omitting such claims entirely as categorically prohibited, and basing it on a single favorable case are all inappropriate approaches.

18. B — B—Section 10.20 cooperation does not extend to providing the IRS legal advice about how the agency should interpret its own request, which is outside the practitioner's role. It does extend to providing lawfully requested records actually possessed, responding within a reasonable timeframe, and clarifying genuine ambiguity in the request with the requesting employee.

19. A — A—Failing to advise a client of an obvious, clearly applicable credit may reflect a genuine shortfall in the competence and diligence standards Circular 230 expects practitioners to meet. This is not automatically acceptable simply because not every possible credit must be identified, is not entirely outside Circular 230's concern, and does not require proving intentional withholding.

20. D — D—Conflict evaluation should occur both before accepting a new matter and continuously throughout the representation as circumstances genuinely develop over time and cases. It should not occur only retrospectively at conclusion, should not depend on a client formally raising a concern first, and remains relevant regardless of whether litigation ultimately results.

21. D — D—Section 10.51(a)(10) addresses willfully failing to sign a return the practitioner was actually required to sign, requiring a genuinely willful, not merely inadvertent, omission on the part of the preparer. A single inadvertent omission, a stylistically different signature, and a signature placed slightly outside the designated box do not themselves establish this specific willful violation.

22. B — B—Confidentiality obligations apply broadly to both direct client communications and documents the client provides, covering the full range of information obtained during the engagement. It is not limited to only verbal communications, is not limited to only written documents, and is not limited only to formally executed engagement letters themselves.

23. C — C—Declining an unwaivable conflict protects the genuine integrity of the representation each affected client is properly and fully entitled to receive from the practitioner involved. This is not primarily about protecting the practitioner's own financial interests, is not about IRS administrative efficiency, and is not about protecting unrelated clients' separate interests.

24. A — A—The record-return obligation applies to records the practitioner actually possesses that genuinely belong to or were provided by the client, not merely recalled information. It does not extend to information merely recalled without actual possession, does not necessarily extend to the practitioner's own purely internal work product, and does not cover unrelated third-party records.

25. D — D—The prohibition against assisting in improperly understating a liability reflects the practitioner's broader duty to the tax system, distinct from ordinary client advocacy. Charging a legitimate fee, declining a new client due to capacity, and advertising legitimate services are all ordinary professional activities, not examples of this specific systemic prohibition.

26. C — C—Censure does not result in any interruption of the practitioner's ability to continue practicing before the IRS, the key distinguishing feature from suspension and disbarment. It does result in a formal public disciplinary record, can carry real reputational consequences, and does reflect a genuine underlying violation finding despite not barring practice.

27. B — B—A fully completed suspension generally requires no additional formal reinstatement petition, since the practitioner's ability to practice automatically resumes once the period actually concludes. This is not the same extensive process disbarment reinstatement demands, does not require a separate criminal background check, and does not require retaking the full SEE.

28. A — A—A Section 10.50 penalty is payable to the government itself, not returned to the specific client, distinguishing it clearly from any separate fee refund obligation. It is not automatically identical in amount to the original fee charged, does not automatically trigger a separate refund obligation, and can still be imposed even after a client refund.

29. D — D—Disclosure obligations extend to a conflict arising from the practitioner's own financial interest in a business entity involved in the matter, a recognized personal-interest conflict category. This is not limited only to conflicts involving another individual client, is not limited only to immediate family members, and the IRS itself is not the relevant conflict source here.

30. B — B—An effective approach applies a systematic, consistent process across every new engagement, rather than an ad hoc approach or reliance solely on voluntary client disclosure. Relying entirely on client disclosure, checking only for matters deemed significant, and having no formal process at all all risk missing genuine conflicts that are not self-evident.

31. A — A—Circular 230 obligations exist within a broader framework that also includes substantive tax law, procedural rules, and applicable state licensing requirements the practitioner must separately satisfy. It is not the only relevant body of regulation, state requirements are not the only relevant body either, and procedural rules genuinely do play a role.

32. C — C—An open-ended "all years" designation is generally not properly accepted, since Form 2848 requires the taxpayer to identify specific years or periods for the authorization. This is not treated as a valid sufficiently specific designation, is not accepted only for business matters, and notarization does not cure this specific deficiency.

33. D — D—Negotiating directly with a revenue officer falls within the standard scope of representation authority Form 2848 grants, without requiring a separately checked special notation box. It is not outside standard scope requiring special notation, is not prohibited to representatives, and does not require a separately present licensed attorney at all.

34. A — A—A power of attorney generally survives a change in the taxpayer's marital status during the representation, since this event does not itself terminate an otherwise valid authorization. It does not survive the taxpayer's death absent a durable provision, does not survive the covered matters concluding, and does not survive the representative's own withdrawal.

35. C — C—A tolling period generally ends when the specific triggering event, such as pending litigation or an offer under review, actually concludes on its own terms. It does not end simply because the taxpayer requests it, does not end after a fixed calendar year regardless of the event's status, and is not ended by unilateral IRS administrative convenience.

36. B — B—A taxpayer may terminate a Form 872-A open-ended consent using Form 872-T, the specific form designated for this termination purpose. A simple verbal notification is not sufficient, a genuine formal termination mechanism does exist, and simply resubmitting the original form with a line crossed out is not the proper termination procedure.

37. D — D—A Revenue Ruling directly on point provides strong authoritative support, since Revenue Rulings are official published guidance taxpayers generally may rely upon broadly. It is not without meaningful support, is not weaker than an informal FAQ, and unlike a Private Letter Ruling, is not limited only to a single requesting taxpayer.

38. A — A—A disclosed, well-documented position that is ultimately rejected still remains genuinely distinguishable from evasion, since transparency and documentation reflect legitimate avoidance rather than concealment entirely. An adverse ruling does not automatically convert the position into evasion, does not trigger automatic prosecution, and does not itself prove willful deceptive intent existed.

39. B — B—TAS independence is reinforced by the National Taxpayer Advocate's statutory requirement to submit an annual report directly to Congress identifying significant taxpayer problems. The Advocate does not report exclusively to the Commissioner with no other obligation, TAS does operate within the federal governmental structure, and TAOs do not require prior Commissioner approval.

40. C — C—Documentation of a genuine, ongoing systemic processing delay illustrates a recognized hardship category supporting TAS involvement in the taxpayer's overall case. This is not entirely outside recognized hardship categories, does not automatically result in denial as merely routine, and is not properly addressed only through a Tax Court petition instead.

41. C — C—An EA's Appeals representation authority is the same unlimited authority the EA holds for examinations and collection matters generally, with no reduced scope for Appeals specifically. It is not more limited than examination authority, carries no minimum dollar threshold, and requires no separate additional approval from the Appeals Officer specifically.

42. B — B—A proper preliminary assessment confirms whether the practitioner genuinely has the requisite competence to handle the specific matter being presented for representation here. The client's opinion of the practitioner's reputation, the specific day of consultation, and office location convenience are not themselves the substantive factors this assessment should actually prioritize.

43. A — A—A thorough conflict check for a business entity should also consider the entity's owners, officers, and other affiliated parties who might separately present their own conflict. The entity's formal legal name alone, its industry classification code, and its years in operation are not themselves sufficient without this broader affiliated-party inquiry.

44. D — D—The specific assessment date shown on an account transcript is primarily useful for calculating the applicable CSED for that particular liability, the ten-year collection window. It is not useful for determining an unrelated year's filing status, is not useful for identifying the original preparer's software, and does not itself confirm a current mailing address.

45. D — D—A proper Collection Financial Standards evaluation carefully accounts for the taxpayer's actual household size and specific geographic location, both directly built into the applicable standard figures themselves. The taxpayer's personal lifestyle preference, subjective opinion of reasonableness, and occupation alone are not themselves the correct basis for this specific standards-based evaluation.

46. C — C—Innocent Spouse Relief generally requires demonstrating the understatement relates to an item attributable to the other spouse, not to the requesting spouse's own reported items. It is not necessarily attributable equally to both spouses in every case, and the relief specifically addresses a joint return, not an item entirely unrelated to any joint filing.

47. B — B—Proper documentation for this specific relief category should clearly establish the requesting spouse's current marital or living-apart status, meeting the statutory threshold requirement for genuine eligibility. The other spouse's character, total years married before separation, and the requesting spouse's occupation are not themselves the required threshold elements this relief demands.

48. A — A—Multiple factors are weighed because no single factor is automatically determinative under the genuinely holistic multi-factor equitable relief test the IRS actually applies here. There is no fixed requirement of exactly seven simultaneous factors, Equitable Relief genuinely is available under the appropriate circumstances, and no single favorable factor alone guarantees relief.

49. D — D—Early identification should always prompt carefully considering whether continuing civil representation without separate criminal counsel genuinely remains appropriate given the potential exposure identified here. The client's general personality, prior referrals made, and the matter's procedural interest to the practitioner are not themselves the substantive factors this consideration should focus on.

50. C — C—This documentation should always clearly reflect the specific, limited scope of the practitioner's continued civil-matter involvement following the referral to separate criminal counsel made. General satisfaction with the relationship, merely the referral letter's mailing date, and criminal counsel's educational background are not themselves the substantive content this documentation should capture.

51. A — A—A Kovel arrangement's benefit is most significant where genuine potential criminal exposure exists, since privilege protection carries the greatest real practical value in that specific context. A routine civil matter with no criminal exposure, an already fully disclosed matter, and a modest dollar amount do not carry this same heightened practical significance.

52. B — B—Sound documentation distinguishes between facts the practitioner has independently verified and facts resting solely on the client's own unverified representation, an important credibility distinction to draw. Distinguishing by personal interest level, weekday versus weekend timing, or round versus odd dollar amounts are not themselves meaningful analytical distinctions to draw here.

53. A — A—A proper preliminary collection assessment estimates which resolution options the taxpayer's actual financial situation genuinely supports, grounding strategy in realistic financial analysis and facts. The taxpayer's mere preference regardless of financial reality, the original liability amount alone, and the officer's general reputation are not themselves this assessment's proper substantive basis.

54. C — C—Proper case notes capture the substantive facts actually discussed and any decisions or next steps genuinely agreed upon during the meeting, the actually useful content. The meeting's location and start time, the client's beverage preference, and mere duration in minutes are not themselves the substantive content these notes should prioritize capturing.

55. B — B—A sound case-building approach adjusts based on new information that genuinely emerges and meaningfully changes the practitioner's understanding of the underlying matter at hand. The practitioner's personal mood, the specific day of the week, and the client's general likability are not themselves legitimate bases for adjusting a sound case-building strategy.

56. D — D—Organized case files support efficient representation and provide a defensible record of the practitioner's work if it is later questioned by the client or the IRS. This is not a purely bureaucratic formality lacking practical value, is not intended to impress with paper volume, and is not intended to inflate billable hours.

57. A — A—Documenting applicable deadlines ensures the practitioner and firm can reliably track and meet each relevant deadline as the representation proceeds forward over time. This is not a purely cosmetic requirement lacking genuine significance, is not intended merely to impress the client, and is not intended to justify a separate administrative fee.

58. C — C—A sound approach evaluates the relative strength of each potential legal theory given the specific facts genuinely available in the matter, an evidence-based analytical process. Pursuing only the most personally interesting theory, pursuing every theory regardless of strength, and deferring entirely to client preference regardless of merit all fail to reflect this needed evaluation.

59. D — D—Case-building work product ultimately and always supports an accurate, well-organized presentation of the taxpayer's actual position throughout the entire full course of the ongoing overall representation itself. It is not primarily intended to support internal billing records, future marketing materials, or the practitioner's own personal professional development documentation specifically kept.

60. B — B—A thorough preliminary assessment should conclude with a clear understanding of the key facts, applicable law, and a genuinely proposed initial strategy for the specific matter. A vague general impression with no documented conclusions, a fee-only conclusion, and a software-only conclusion all fail to reflect this substantive expected outcome needed.

61. D — D—A short-term plan request should be evaluated against the taxpayer's realistic ability to fully pay the balance within the specific proposed short-term period involved. Mere terminology preference, total combined net worth, and a private credit score are not themselves the proper substantive basis for evaluating this specific type of payment plan request.

62. C — C—The streamlined calculation divides the balance by the lesser of 72 months or the months remaining until the CSED, producing the required monthly payment figure. A fixed twelve-month period, the taxpayer's own preference, and the number of dependents claimed are not themselves the actual basis for this specific streamlined calculation.

63. A — A—Asset valuation for a DATC offer generally uses quick-sale value rather than full fair market value, reflecting the more realistic proceeds of an actual forced collection sale. Full retail value with no discount, the original purchase price regardless of subsequent changes, and a random estimate all misstate the actual quick-sale valuation methodology applied here.

64. B — B—A rejection for insufficient RCP coverage should prompt reevaluating the RCP calculation for potential errors and considering whether a genuinely higher offer amount is warranted. Immediately abandoning the offer entirely, simply resubmitting the identical amount, and personally suing the Offer Specialist are all inappropriate or ineffective responses to this specific rejection reason.

65. B — B—A priority dispute generally turns on which claim was actually perfected first under the applicable legal priority rules governing competing claims against the same property. It does not turn on which claim is simply larger in amount, does not automatically favor a bank over a government claim, and does not turn on the taxpayer's own personal preference.

66. C — C—A continuous wage levy requires a formal release to actually stop attaching to future paychecks, unlike a one-time bank levy reaching only funds present at that moment. It does not automatically terminate after thirty days, does not reach only wages already earned before the notice, and genuinely can be released under appropriate circumstances.

67. A — A—A meaningful income increase discovered during periodic review can result in potential reactivation of collection if it genuinely changes the underlying ability-to-pay analysis. CNC status is not treated as entirely permanent regardless of circumstances, this does not trigger automatic criminal prosecution, and it does not mandate automatic offer acceptance regardless of RCP.

68. D — D—An unsuccessful but timely CDP hearing preserves the taxpayer's right to petition Tax Court for judicial review of the adverse CDP determination reached. It does not itself produce an automatic refund, does not permanently bar all further collection, and does not automatically qualify the taxpayer for CNC status regardless of actual financial circumstances.

69. B — B—Given the significant personal liability potentially at stake, a TFRP interview should generally involve the representative's active involvement, not treating it as merely purely routine. Complete silence providing no information, and fully unguided cooperation with no preparation, are both inappropriate approaches given what genuinely is at stake for the individual.

70. D — D—This specific defense requires demonstrating the individual genuinely lacked the practical ability to decide which creditors actually got paid, the core responsibility inquiry. Merely disliking the company's decisions, holding a junior title, and being a recent hire do not themselves establish this genuine lack of practical authority the defense requires.

71. C — C—A proper privilege assertion should be specific to the particular communications actually claimed as privileged, rather than an overly broad blanket assertion covering everything. A blanket assertion covering every document, withholding any assertion at all, and waiting until after formal rejection are all inappropriate approaches to properly asserting this privilege.

72. A — A—A proper Cohan estimate should be presented with a clear explanation of the actual basis for the specific estimated amount, supporting its credibility with the examiner. No explanation at all, demanding acceptance without question, and refusing to discuss the basis if asked all undermine rather than support the estimate's genuine credibility.

73. C — C—A proper review confirms the cited authority has not been superseded, overruled, or otherwise rendered inapplicable since it was originally issued, ensuring current relevance. The authority need not have been issued within the current calendar year specifically, need not be attributed to a specific named individual, and font style is entirely irrelevant.

74. B — B—The request should be submitted within the specific window the 30-day letter itself identifies, preserving the taxpayer's opportunity for the administrative Appeals conference. It is not available at any time with no applicable deadline, does not require first retaining separate litigation counsel, and has no connection to the collection statute's expiration.

75. A — A—A proper review confirms the specific tax rates and applicable adjustments the notice actually applies are correct given the taxpayer's genuine specific situation. Confirming only the letterhead paper, the specific delivery timing, or the overall page count are all irrelevant formatting details unrelated to the genuine substantive calculation review needed.

76. D — D—The response approach should reflect the CP-2000's genuinely more limited, automated matching nature, appropriately calibrated differently than a full formal examination protest would ever require. Treating the two as requiring identical responses, assuming a CP-2000 can simply be ignored, and assuming it always requires immediate litigation are all mistaken approaches.

77. C — C—Pre-filing review should confirm all contested adjustments and the taxpayer's basis for disputing each are clearly and accurately stated in the actual petition document. Confirming only the document's physical weight, the specific printer brand used, or an irrelevant personal detail are not themselves the genuine substantive review this filing actually requires.

78. B — B—The outcome should be communicated promptly and clearly, explaining the actual terms and genuine practical implications of any resulting settlement in fully accessible language. Communicating only in overly technical terminology, delaying substantially with no explanation, and waiting for a specific formal client request are all inadequate approaches to this communication.

79. D — D—This election should be made with full understanding that the resulting decision generally cannot be appealed to a circuit court of appeals, the key genuine trade-off involved. It does not guarantee a more favorable outcome than the regular procedure, does not require attorney representation specifically, and does not double the applicable filing fee.

80. A — A—The legal discussion should cite authority genuinely directly relevant to the specific facts and issues actually presented in the taxpayer's particular case at hand. Citing the most voluminous authority regardless of relevance, limiting citations to informal non-precedential content, and prioritizing mere ease of locating authority are all inadequate approaches to this discussion.

81. B — B—Proper settlement documentation for a payment-plan resolution should clearly specify the actual payment schedule and the genuine consequences of default on the settled amount owed. The Officer's contact information, the conference's physical building address, and the taxpayer's general satisfaction are not themselves the substantive content this specific documentation should capture.

82. D — D—A mediation session not resulting in full resolution generally leaves the taxpayer with the option to proceed to Tax Court litigation on the remaining genuinely unresolved issues. This is not the taxpayer's absolute final opportunity with no further option, does not automatically produce the originally requested resolution, and does not entitle the taxpayer to a new examination.

83. C — C—Effective strategy should reflect the clear understanding that Appeals Officers independently evaluate hazards of litigation, rather than simply rubber-stamping the examiner's original position taken. Officers are not required to always uphold the examiner's position, genuinely do hold real settlement authority, and are not prohibited from considering the taxpayer's factual arguments.

84. A — A—The genuine goal should be achieving the most favorable resolution reasonably achievable given the actual strength of the taxpayer's position on each specific issue involved. Demanding complete victory regardless of merit, prioritizing speed over genuine favorability, and prioritizing the practitioner's own reputation over the client's interests all misstate this proper goal.

85. C — C—The review obligation persists for long-standing clients because circumstances and applicable tax law can genuinely change from one year to the next, requiring fresh attention each time. There is no regulation specifically mandating extra scrutiny only for long-standing clients, no statistical fraud-likelihood basis, and no automatic invalidation of a prior return.

86. A — A—Catching a duplicate entry before filing avoids an overstated tax liability that would otherwise require a later, more burdensome amended return to properly correct. It does not avoid an otherwise unavoidable criminal referral, does not avoid permanent e-file disqualification, and does not avoid any standard deduction disqualification, none of which duplicate entries actually cause.

87. D — D—Electronic recordkeeping satisfies Section 6107(b) provided the system reliably preserves the required information and remains genuinely accessible throughout the entire applicable retention period. It does not require the most expensive available solution, does not require residence-based storage specifically, and does require backup procedures, since electronic storage is not inherently permanent.

88. B — B—Reasonable electronic data security should generally include password protection and controlled access limiting which staff members can actually view sensitive client information stored electronically. Universal unrestricted shared-drive access, having no specific technical safeguards at all, and publishing internal client information summaries all fail to reflect reasonable, appropriate data security practices.

89. B — B—The review process takes into account the applicant's overall background and genuine suitability for participating responsibly in the e-file program as a trusted authorized Provider. It does not take into account computer hardware preference, business card or letterhead design choices, or general office decorating taste, all irrelevant to genuine suitability.

90. D — D—Adding a new Provider role should involve reviewing the specific additional responsibilities that particular role would require the firm to actually satisfy going forward. This is not an entirely automatic process requiring no consideration, does not require a client vote, and does not require waiting a mandatory five-year period after original approval.

91. C — C—The covered-return count excludes returns falling outside the specific categories the applicable IRS guidance actually defines as covered for e-file mandate purposes. It is not that every return is excluded regardless of category, is not limited to excluding only final-week returns, and does not exclude based merely on client tenure length.

92. A — A—A proper Form 8948 for this exception references the taxpayer's own documented statement affirmatively electing paper filing, the actual required substantiating basis for this exception. The preparer's general opinion of e-filing, the software that would have been used, and the preparer's own past filing history are not themselves the required reference content.

93. C — C—An approved hardship waiver does not exempt the preparer from other applicable Circular 230 obligations entirely unrelated to the specific electronic filing mandate covered by the waiver. It does exempt the preparer from the mandate for covered returns, does require attaching Form 8948, and is properly limited to the specific scope and period approved.

94. D — D—The Practitioner PIN method places responsibility on the ERO to obtain proper authorization from the taxpayer before entering the taxpayer's PIN on the taxpayer's own behalf. The ERO cannot simply select a PIN without taxpayer involvement, no notarization is required, and no additional paper mailing is required alongside the electronic filing.

95. B — B—Proper retention organization should always allow prompt production specifically if the IRS requests verification of a particular return's original authorization on file somewhere. It should not be organized around an unrelated third party's casual request, the preparer's own idle curiosity, or a competing firm's request to review client files generally.

96. A — A—This specific confirmation should generally happen before the return is actually transmitted, allowing the preparer to properly handle the specific document requiring separate transmittal in advance. Waiting until after transmission and rejection, waiting for a specific client question, and waiting for an annual meeting all delay this necessary confirmation inappropriately.

97. D — A—A proper correction and retransmission should be prompt and accurate, genuinely addressing the specific rejection reason the system actually identified in the original rejection. Delaying unnecessarily despite genuine urgency, correcting without regard to the actual rejection reason, and submitting under an entirely different tax year are all inappropriate approaches here.

98. C — C—A preparer should generally avoid simply assuming this specific type of rejection is merely a routine, easily corrected data entry error requiring no further investigation into the cause. Recognizing potential genuine identity theft, considering an Identity Protection PIN, and considering the IRS's affidavit process are all appropriate, recommended considerations instead.

99. B — B—A proper compliance program should train staff on correctly handling rejected returns, including the perfection period mechanics and recognizing potential identity theft indicators present. General office supply ordering, the firm's internal holiday schedule, and general customer greeting scripts are all unrelated to the actual substance of genuine e-file compliance training.

100. A — A—The overall framework reflects the principle that electronic filing privileges carry corresponding obligations to protect the broader system's overall integrity for everyone who relies on it. This is not about carrying no meaningful additional obligations, is not purely about reducing the preparer's own workload, and applies year-round, not only during the primary filing season.