PRACTICE EXAM 30: SEE PART 3 — REPRESENTATION, PRACTICES, AND PROCEDURES (100 QUESTIONS)

This full-length simulation exam contains 100 multiple-choice questions covering SEE Part 3: Representation, Practices, and Procedures, built to mirror the domain weighting of the official IRS Special Enrollment Examination. The official Part 3 exam, administered by PSI Services LLC, consists of 85 scored questions (plus unscored pretest questions) with a 3.5-hour time limit; this practice exam is expanded to 100 questions per the book's practical question-count override so that the total practice question bank across all Part 3 exams reaches a useful study volume, while domain weighting percentages are scaled proportionally from the official 85-question breakdown. For the most realistic practice, allow yourself 3.5 hours to complete this exam without interruption, using only scratch paper and a basic calculator as permitted at the PSI test center. The IRS-published passing score is a scaled score of 500 or higher on a 200-800 scale. Mark your answer for each question, then check your work against the Answer Key and Explanations section that follows. For an interactive, timed practice experience, use the Online Exam Simulator included with this book.

1. Marcus Reilly worked for the IRS as a revenue agent for six years before entering private practice as an enrolled agent. Under Circular 230 §10.25, which matter is Reilly permanently barred from representing a client on, regardless of how much time has passed since he left the IRS?

A. Any matter involving a taxpayer he audited, even briefly, in any capacity while employed by IRS
B. A matter he personally and substantially participated in as an IRS employee, even after leaving government service
C. Any matter assigned to his former IRS office, regardless of his personal involvement in it
D. A matter he supervised only administratively without direct case involvement while at IRS

2. Diane Ashworth, an enrolled agent, plans to stop practicing before the IRS for several years while she cares for a family member but wants to preserve her enrollment for future reactivation. What should she do?

A. Allow her PTIN to lapse and reapply for enrollment when she returns to practice
B. Continue paying her renewal fees each cycle but stop completing continuing education requirements entirely

C. Request placement on inactive retirement status by notifying the IRS she will not practice
D. File Form 8821 to transfer her enrollment number to a colleague temporarily

3. Which statement best describes the function of the IRS Return Preparer Office (RPO) within the practitioner regulatory framework?

A. It administers enrollment, renewal, and PTIN processing and refers suspected misconduct to the Office of Professional Responsibility
B. It independently investigates and imposes disciplinary sanctions on enrolled agents without OPR involvement
C. It sets the domain weighting and content outline for the Special Enrollment Examination each cycle
D. It issues final determinations in disbarment and suspension proceedings after administrative hearings conclude

4. Priya Venkatesan, a bookkeeper with no college coursework, wants to sit for the Special Enrollment Examination to become an enrolled agent. Which requirement applies to her eligibility to take the exam?

A. She must hold at least an associate degree in accounting or a related field
B. She must complete 30 semester hours of college-level tax coursework first
C. She must have five years of verified bookkeeping or tax preparation experience
D. No college degree or coursework is required; she needs only a valid PTIN

5. As part of the suitability determination for enrollment, the IRS may require an applicant to submit which of the following?

A. A notarized letter of recommendation from a currently enrolled agent or attorney
B. Three years of personal bank statements verifying financial solvency
C. A signed waiver permitting disclosure of prior employer performance reviews
D. Fingerprints and consent for a tax compliance and criminal background check

6. Immediately upon the effective date of a final order suspending an enrolled agent from practice before the IRS, what happens to that individual's pending representation authority?

A. The suspension takes effect only after all currently open client cases are transferred to another practitioner

B. The practitioner may continue representing existing clients for 30 days to allow an orderly transition

C. The practitioner is immediately barred from all practice before the IRS, including previously authorized matters

D. The practitioner retains authority to represent clients in appeals of the suspension order itself

7. Kevin O'Malley receives a notice from the IRS regarding a proposed adjustment to his individual return. He has no enrolled agent, attorney, or CPA. Which statement correctly describes his rights?

A. He may represent himself only if he first files a power of attorney naming himself

B. He has an absolute right to represent himself before the IRS without any credential

C. He must obtain a limited practice authorization from the Return Preparer Office first

D. He may represent himself only for correspondence audits, not in-person examinations

8. Sandra Voss is a full-time payroll employee of Whitfield Manufacturing. She wants to represent Whitfield Manufacturing before the IRS regarding an employment tax examination without becoming enrolled. Is this permitted?

A. Yes, a regular full-time employee may represent their employer before the IRS without enrollment

B. No, only enrolled agents or attorneys may represent a corporate employer in any examination

C. Yes, but only if she first passes Part 2 of the Special Enrollment Examination

D. No, employee representation is limited strictly to matters involving her own personal tax return

9. Harold Denby serves as the court-appointed executor of an estate and needs to represent the estate before the IRS regarding an unfiled prior-year return. What must he do to establish this authority?

A. Pass the Special Enrollment Examination before acting on behalf of the estate

B. Obtain enrollment as a limited-scope practitioner solely for estate tax matters

C. File Form 2848 naming himself as the estate's enrolled representative

D. File Form 56 to establish fiduciary status, which does not require separate enrollment

10. Law student Melissa Trang works at a Low Income Taxpayer Clinic and wants to represent a client before the IRS Appeals Office under faculty supervision. What allows this?

A. She must first obtain a temporary PTIN restricted to LITC representation matters only

B. Special appearance authorization under §10.7(d), permitting supervised student practice without full enrollment

C. Automatic enrollment granted to all law students enrolled in an accredited tax clinic

D. A blanket exemption applying to any student volunteer regardless of clinic affiliation

11. The IRS denies Tamara Bledsoe's application for enrollment as an enrolled agent following an unfavorable suitability finding. What recourse does she have?

A. None; enrollment denials under Circular 230 are final and cannot be challenged administratively

B. She may reapply only after waiting a mandatory ten-year period from the denial date

C. She may request a conference and appeal the denial through the established administrative review process

D. She must file suit directly in U.S. Tax Court to contest the denial

12. Which best distinguishes "practice before the IRS" from merely preparing a tax return?

A. Practice before the IRS involves representing a taxpayer in dealings with the IRS beyond preparation

B. Practice before the IRS includes only in-person hearings, while return preparation includes all written correspondence

C. Practice before the IRS applies solely to enrolled agents, while return preparation applies to all preparers equally

D. Practice before the IRS requires a law degree, while return preparation requires only a PTIN

13. When must a paid tax return preparer renew their PTIN to continue preparing returns for compensation?

A. Every three years, coinciding with the enrolled agent renewal cycle for that preparer's group
B. Annually, before December 31, for the PTIN to remain valid for the upcoming filing season
C. Only once, at initial application, since PTINs do not expire under current IRS rules
D. Every five years, aligned with the Circular 230 continuing education reporting period

14. What does an enrolled agent's enrollment card issued by the IRS primarily evidence?

A. That the agent has passed a background check within the past twelve months
B. That the agent is currently in good standing with a state CPA board
C. That the agent has completed law school coursework relevant to tax representation
D. That the individual is currently authorized to practice before the IRS as an EA

15. Gregory Simms, an enrolled agent, is suspended from practice before the IRS following a disciplinary proceeding. May he still prepare tax returns for clients during the suspension?

A. Yes, preparing returns is not considered practice, so he may still prepare returns as an unenrolled preparer
B. No, a suspension automatically revokes his ability to prepare any federal tax returns for any client
C. Yes, but only for clients he represented before the suspension began, not new clients
D. No, return preparation is included within the definition of practice and is barred by the suspension

16. Rachel Ito is a general partner in Ito & Cole Consulting, a partnership. She wants to represent the partnership before the IRS in a partnership-level examination. What is true regarding her authority?

A. She may not represent the partnership unless she first becomes an enrolled agent or attorney
B. She may represent the partnership only if all other general partners co-sign a joint authorization
C. As a general partner, she may represent the partnership entity before the IRS without enrollment
D. She may represent the partnership only in correspondence matters, never at in-person conferences

17. Rita Alvarado, an enrolled agent, wants to hire Thomas Nguyen, who was disbarred from practice before the IRS two years ago, as an in-house bookkeeper who will occasionally accompany her to IRS conferences to take notes but will have no contact with IRS personnel and will not sign or prepare returns involving representation. Under §10.24, is this arrangement permissible?

A. Yes, because disbarred individuals may be employed in capacities that do not involve practice before the IRS, so long as they have no client contact requiring representation.
B. No, because a disbarred practitioner may never be employed by an enrolled agent in any capacity, including clerical or bookkeeping work.
C. Yes, but only if Nguyen first obtains written permission from the IRS Commissioner before starting any employment with Alvarado's firm.
D. No, because Circular 230 bars any former practitioner from ever working near IRS-related matters after disbarment regardless of duties.

18. Preparer Janet Kowalski is advising a client on a tax return position for which there is no controlling authority directly on point, and the position has roughly a one-in-four chance of success if challenged. Under §10.34, what must Kowalski do to sign the return as preparer?

A. She may take the position without disclosure because any nonfrivolous position may be reported on a return without further inquiry.
B. She may take the position only if it has a reasonable basis and the position is adequately disclosed on the return or accompanying statement.
C. She must decline to sign the return unless the position meets the substantial authority standard without any need for disclosure.
D. She must obtain a written opinion from independent tax counsel before she may sign any return taking this position.

19. Enrolled agent Derek Simmons agrees to represent a client in a complex estate tax matter involving generation-skipping transfer tax issues he has never handled. He spends several weeks studying applicable regulations, consults a colleague experienced in GST matters, and reviews relevant IRS guidance before proceeding. Does this satisfy the competence requirement of §10.35?

A. No, because a practitioner may never accept an engagement in an area outside prior direct experience, regardless of preparation undertaken.
B. No, because competence under §10.35 requires board certification in the specific subject matter before accepting any engagement.

C. Yes, because §10.35 only applies to enrolled agents preparing individual income tax returns, not estate matters.
D. Yes, because competence may be attained through necessary study and consultation with qualified colleagues before undertaking the engagement.

20. Patricia Wexford is a partner with principal authority over a tax practice firm's compliance with Circular 230. Under §10.36, what is her primary obligation regarding the firm's other practitioners and staff?

A. She must personally review every return prepared by the firm before it is filed with the IRS, without exception.
B. She must report every minor Circular 230 infraction by staff members directly to the IRS Commissioner within 30 days.
C. She must take reasonable steps to ensure the firm has adequate procedures in place for compliance with Circular 230.
D. She must guarantee that no employee of the firm ever commits any violation of Circular 230's provisions.

21. OPR is evaluating whether to bring disciplinary charges against practitioner Howard Feinberg for repeatedly failing to verify basic facts on client returns, resulting in a pattern of substantial errors. Which standard under §10.52 would support sanctions for conduct that falls short of willfulness but still reflects a consistent, indifferent disregard for accuracy?

A. Gross incompetence, which includes a pattern of conduct reflecting consistent carelessness or indifference to correct facts, law, or regulations.
B. Ordinary negligence, which under §10.52 is sufficient by itself to support any disciplinary sanction against a practitioner.
C. Strict liability, which imposes sanctions on a practitioner regardless of intent, knowledge, or actual conduct involved.
D. Constructive fraud, which requires proof that the practitioner intended to deceive the IRS through deliberate concealment.

22. In a disciplinary proceeding before an administrative law judge concerning enrolled agent Yolanda Briggs, what burden of proof must the Office of Professional Responsibility satisfy to establish the alleged violations of Circular 230?

A. Preponderance of the evidence, the same standard applied in most ordinary civil litigation matters generally.

B. Clear and convincing evidence, a heightened standard requiring more than a mere preponderance of the evidence.

C. Beyond a reasonable doubt, the same exacting standard applied in criminal prosecutions throughout the country.

D. Substantial evidence, meaning only enough relevant evidence a reasonable mind might accept as adequate support.

23. An administrative law judge issues a decision suspending enrolled agent Gregory Halston from practice before the IRS for 18 months. Halston believes the decision contains legal error. What is his available recourse under Circular 230?

A. He has no further recourse and must immediately begin serving the full suspension as ordered by the judge.

B. He may only request that OPR itself informally reconsider the administrative law judge's decision within the agency.

C. He may appeal the administrative law judge's decision to the Treasury Department's Appellate Authority within the prescribed time.

D. He must file a new disciplinary complaint in federal district court to challenge the underlying decision.

24. OPR sends enrolled agent Carlotta Whitmore a formal request for information relevant to a pending disciplinary investigation. Whitfield fails to respond within the time allowed and provides no justification for the delay. What action may OPR take under Circular 230?

A. OPR may only issue a formal written warning letter and must wait for a second missed deadline before acting.

B. OPR must refer the matter directly to federal prosecutors for criminal charges of obstructing an investigation.

C. OPR may impose a permanent disbarment immediately without any further hearing or opportunity to respond at all.

D. OPR may seek an expedited proceeding resulting in the practitioner's interim suspension pending compliance with the request.

25. Practitioner Alan Prescott is under active investigation by OPR for alleged violations of Circular 230. Rather than contest the charges through a full disciplinary hearing, Prescott wishes to resolve the matter promptly. What option allows him to offer his consent to a specified period of suspension without admitting or denying the underlying allegations?

A. Prescott may offer his consent to voluntary suspension from practice before the IRS for a period agreed upon with OPR.

B. Prescott may only resolve the matter by fully admitting every allegation in writing to OPR's satisfaction.

C. Prescott has no option to resolve the matter short of a complete administrative hearing before a judge.

D. Prescott may unilaterally declare his own suspension without any involvement, review, or acceptance by OPR.

26. Enrolled agent Bianca Torres had her state accountancy license revoked after a formal state board proceeding in which she had a full opportunity to contest the allegations. What procedure allows OPR to suspend Torres from practice before the IRS without a full Circular 230 hearing on the merits?

A. Ordinary disciplinary proceeding, which still requires a complete administrative law judge hearing on all underlying facts.

B. Expedited suspension procedure, based on the existing state license revocation from a proceeding affording due process.

C. Criminal referral procedure, which requires a separate federal indictment before any IRS suspension may proceed.

D. Voluntary consent procedure, which requires Torres's affirmative written agreement before any suspension can take effect.

27. Practitioner Bartholomew Fenn settles a Circular 230 disciplinary matter with OPR through a negotiated settlement agreement rather than proceeding to a hearing before an administrative law judge. How does the confidentiality treatment of this settlement typically compare to a final disciplinary decision issued after a contested hearing?

A. Both the settlement agreement and any contested hearing decision are always fully confidential and never disclosed publicly.

B. Both the settlement agreement and any contested hearing decision are automatically published in full on the IRS website.

C. Settlement agreements are generally treated as confidential, while final decisions from contested proceedings are generally publicly available.

D. Settlement agreements are always published publicly, while contested hearing decisions remain confidential between OPR and the practitioner.

28. Practitioner Simone Delacroix was disbarred from practice before the IRS four years ago. She now wishes to petition for reinstatement to practice. Under Circular 230, when is she eligible to file such a petition?

A. She is not yet eligible; a disbarred practitioner must wait a minimum of five years from the effective date of disbarment before petitioning.

B. She is eligible immediately, since disbarred practitioners may petition for reinstatement at any time following disbarment.

C. She is not yet eligible; disbarment under Circular 230 is permanent and reinstatement is never available to anyone.

D. She is eligible now because four years satisfies the three-year minimum waiting period required under Circular 230.

29. Enrolled agent Victor Okafor wants to grow his practice by directly soliciting new clients. Which of the following solicitation methods is restricted under Circular 230's advertising and solicitation provisions?

A. Distributing printed brochures describing his services at a public tax preparation seminar he is hosting.

B. Sending a mass mailing to local small business owners describing his enrolled agent services and fees.

C. Placing an advertisement in a local newspaper describing his qualifications and areas of tax practice.

D. Making uninvited in-person or live telephone contact with a prospective client he has never previously met.

30. Enrolled agent Dolores Ramirez wants to enter into an arrangement where she pays a portion of her representation fees to an unenrolled marketing consultant, Wesley Chandler, who is not a Circular 230 practitioner, in direct proportion to the number of new clients he refers to her. Is this arrangement restricted under Circular 230?

A. No, because Circular 230 imposes no restrictions whatsoever on how a practitioner allocates earned representation fees to anyone.
B. No, because fee-splitting is permitted freely with any third party so long as the client consents in writing beforehand.
C. Yes, because sharing fees for representation with a non-practitioner in this manner can implicate improper fee-splitting concerns under Circular 230.
D. Yes, but only because Chandler personally must be a licensed attorney for any such fee-sharing to be problematic.

31. Enrolled agent Sophia Lindqvist discovers that her client is deliberately underreporting cash receipts on a business tax return. If Lindqvist continues preparing and signing the return while aware of this deliberate underreporting, which principle under Circular 230 is she violating?

A. The confidentiality principle, which requires practitioners to keep all client financial improprieties strictly confidential from everyone.
B. The prohibition against knowingly assisting a client in violating federal tax law or committing a fraudulent act.
C. The competence standard, since underreporting income is purely a technical accuracy issue unrelated to any ethics.
D. The advertising restriction, since promoting her services to a noncompliant client is inherently misleading to the public.

32. Enrolled agent Marcus Ellery represents a client under a validly executed Form 2848 but will be unavailable for an upcoming appointment with a revenue agent. He wants a colleague at his firm, CPA Renata Solis, to appear on the taxpayer's behalf without the taxpayer signing a brand-new power of attorney. What must Marcus do to accomplish this?

A. File Form 8821 naming Renata Solis as an additional appointee for information only
B. Have the taxpayer verbally authorize Renata Solis during the scheduled appointment
C. Attach a copy of Renata Solis's enrollment card to the existing Form 2848
D. Complete the substitution or delegation section on Form 2848 and file it with the IRS

33. Taxpayer Dana Kowalski wants to make an audio recording of her upcoming in-person interview with an IRS revenue agent regarding her Schedule C deductions. Under IRC §7521, what must Dana do before she may record the interview?

A. Obtain a court order specifically permitting the recording of the interview
B. Record only after receiving the revenue agent's discretionary personal consent
C. Wait until the interview begins and ask the agent's permission on the spot
D. Provide the IRS with advance written notice of her intent to record

34. Which Taxpayer Bill of Rights protection guarantees that a taxpayer will know the maximum amount of time to challenge an IRS position, as well as the maximum time the IRS has to audit a particular year or collect a tax debt?

A. The Right to Finality
B. The Right to Challenge the IRS's Position and Be Heard
C. The Right to a Fair and Just Tax System
D. The Right to Privacy

35. An IRS employee discloses details of a taxpayer's audit findings to an unrelated third party without authorization from the taxpayer or a legal basis for disclosure. Which Taxpayer Bill of Rights protection has been violated?

A. The Right to Be Informed
B. The Right to Retain Representation
C. The Right to Confidentiality
D. The Right to a Fair and Just Tax System

36. Taxpayer Owen Prescott repeatedly ignores an Information Document Request for bank statements and refuses to provide records voluntarily. What authority may the IRS use to legally compel Owen to produce these records?

A. Issue a Notice of Federal Tax Lien against Owen's bank accounts
B. Issue an administrative summons under IRC §7602
C. File an immediate referral to the Department of Justice for prosecution
D. Levy Owen's bank accounts without any further notice or warning

37. The IRS issues a summons to First Harbor Bank for records of taxpayer Lucille Ferreira's account. What right does Lucille have regarding this third-party summons?

A. She may file a motion to quash only after the bank complies
B. She has no rights because the summons was not issued to her
C. She must receive notice and may intervene and move to quash the summons
D. She may prevent enforcement simply by objecting in writing to the bank

38. At the conclusion of an office examination, the revenue agent proposes adjustments to the return. The taxpayer disagrees with the findings and does not sign Form 870 accepting the changes. How is this case classified?

A. A closed case
B. A no-change case
C. An agreed case
D. An unagreed case

39. Taxpayer Harold Beckman receives a 30-day letter following an examination proposing additional tax due. What are Harold's available options upon receiving this letter?

A. Immediately petition the U.S. Tax Court without any further administrative review
B. Agree to the proposed adjustments, or request an Appeals conference within 30 days
C. Pay the full proposed deficiency before any further action is permitted
D. Request that the case be reassigned to a different revenue agent

40. After Appeals fails to reach agreement, the IRS issues a statutory notice of deficiency to taxpayer Priya Anand. What is the significance of this notice?

A. It gives Priya 90 days, or 150 days if outside the U.S., to petition Tax Court

B. It immediately authorizes the IRS to levy Priya's wages and bank accounts

C. It extends the statute of limitations on assessment by an additional 3 years

D. It requires Priya to file an amended return within 30 days

41. The IRS proposes to examine taxpayer Wesley Thornton's return for the same items already examined and closed with no change in the two preceding years. What protection applies?

A. The IRS may proceed freely since three-year cycles are standard practice

B. Wesley must pay a reduced penalty for triggering a repeat examination

C. Absent required managerial approval, Wesley is protected against unnecessary repetitive examination

D. The statute of limitations automatically bars any further examination of the return

42. Enrolled agent Vance Whitcombe represents taxpayer Marisol Ferreira under a Form 2848 that covers only her 2022 and 2023 Form 1040 income tax years. The IRS later opens an examination of her 2024 return. What must Vance do to represent her regarding the newly examined 2024 year?

A. File a new or amended Form 2848 specifically listing the 2024 tax year, since the existing authorization does not cover it

B. Nothing further is required, since a Form 2848 automatically extends to all subsequent tax years once filed

C. Contact the CAF unit by phone to verbally add the new year to the existing authorization

D. Wait for the IRS to automatically update his authorization once the new examination begins

43. During an ongoing examination, the Office of Professional Responsibility discovers that enrolled agent Simon Ashcroft is simultaneously representing both the taxpayer and a business partner whose interests directly conflict, without written consent from either party. What is the likely consequence?

A. Simon may continue as long as he verbally discloses the conflict to the agent

B. Simon must simply notify the CAF unit, and no further action is required

C. The taxpayer alone bears responsibility, and Simon faces no consequence at all

D. Simon may be disqualified from continuing representation for the Circular 230 violation

44. Which Taxpayer Bill of Rights provision entitles a taxpayer to clear explanations of the laws and IRS procedures, and to be informed of IRS decisions about their tax accounts?

A. The Right to Privacy
B. The Right to Be Informed
C. The Right to Finality
D. The Right to Retain Representation

45. Taxpayer Bethany Ruiz's return is selected for a correspondence examination conducted entirely by mail regarding a single itemized deduction. What procedural safeguard applies to this type of examination?

A. Bethany permanently forfeits her right to ever request an in-person interview
B. The examination automatically converts into a field examination after 30 days pass
C. Bethany loses her right to appeal the results to the IRS Office of Appeals
D. Bethany keeps her full rights to representation and appeal, and may request in-person contact

46. A revenue agent issues an Information Document Request to taxpayer's representative Priscilla Wentworth, with a 15-day response deadline. Yolanda needs additional time to gather the requested records. What should Yolanda do?

A. Ignore the deadline since IDR response times are not enforceable
B. Contact the revenue agent promptly and request a reasonable extension of time
C. Wait for the IRS to issue a summons before responding to the IDR
D. File a formal complaint with the Taxpayer Advocate Service to delay the deadline

47. Appeals Officer Rhonda Castellano is reviewing a deficiency case protested by taxpayer Louis Beckham. Before scheduling the conference, she wants to call Revenue Agent Dana Kirkwood to discuss the agent's view of the case's litigating hazards. Under the ex parte communication rules, which statement is correct?

A. Rhonda may discuss the case freely with Dana at any time, since both work for the IRS.

B. Rhonda may discuss the case only if Dana's manager also joins the telephone call.

C. Rhonda may not discuss the case's merits with Dana unless Louis or his representative is given an opportunity to participate.

D. Rhonda may discuss the case only after the statutory notice of deficiency has been issued.

48. Anton Delacruz, a small business owner under SB/SE examination for disallowed deductions, wants to resolve the dispute quickly without waiting for the exam to close and going through a full protest and Appeals process. Which program allows this while the case is still open in Examination?

A. Fast Track Settlement, which uses an Appeals official as a mediator to help resolve the dispute while the case remains in Examination.

B. Fast Track Mediation, which is limited to collection cases such as offers in compromise and trust fund penalties.

C. Collection Due Process, which is available only after a Notice of Federal Tax Lien or levy has been issued.

D. Post-Appeals Mediation, which applies only after Appeals has already issued a formal notice of determination.

49. Priya Ramaswamy's offer in compromise was rejected by a Collection employee, and she disagrees with the rejection but wants a faster alternative to a full Appeals hearing while the case is still with Collection. Which program should her representative request?

A. Collection Due Process hearing, which must be requested within 30 days of a Notice of Federal Tax Lien filing.

B. Fast Track Settlement, which is reserved for examination cases still open with a revenue agent.

C. Fast Track Mediation, which uses an Appeals mediator to resolve certain collection disputes, including OICs, before the case leaves Collection.

D. Post-Appeals Mediation, which is only available after Appeals has issued its formal determination letter.

50. Enrolled agent Todd Marchetti is explaining to his client the difference between attending an Appeals conference and litigating in U.S. Tax Court. Which statement correctly describes that difference?

A. Both forums require sworn testimony and strict adherence to the Federal Rules of Evidence.

B. An Appeals conference is informal, with no rules of evidence or sworn testimony, while Tax Court litigation is formal and bound by procedural and evidentiary rules.

C. Appeals conferences are always conducted in writing only, while Tax Court proceedings are conducted entirely by telephone.

D. Tax Court is informal and non-binding, while an Appeals conference produces a legally binding, appealable judicial decision.

51. Collection rejected the offer in compromise submitted by Wanda Ferris. Her representative wants to request Appeals review of the rejection. Within how many days of the date on the rejection letter must the request be filed, and using what form?

A. 10 days, using Form 12153, Request for a Collection Due Process Hearing.

B. 60 days, using Form 656-L, Offer in Compromise (Doubt as to Liability).

C. 15 days, using Form 9423, Collection Appeal Request.

D. 30 days, using Form 13711, Request for Appeal of Offer in Compromise.

52. Taxpayer Simon Okafor timely files a CDP hearing request in response to a Final Notice of Intent to Levy. What effect does this have on the ten-year collection statute of limitations under §6502?

A. The collection statute is suspended from the date the CDP request is filed until the determination becomes final, plus any additional statutory period.

B. The collection statute continues to run without interruption throughout the entire CDP hearing and any Tax Court appeal.

C. The collection statute is permanently extended by an additional ten years once a CDP hearing is requested.

D. The collection statute is immediately reset to zero and begins running fresh from the date of the CDP request.

53. Taxpayer Greta Simmons received a Final Notice of Intent to Levy but did not request a CDP hearing within the 30-day window; she requested a hearing 90 days after the notice, still within one year. What relief is available, and what is its limitation?

A. An equivalent hearing, considering the same issues but with no right to petition Tax Court from the decision.

B. A formal CDP hearing, with full Tax Court petition rights identical to a timely-filed request.

C. A jeopardy levy hearing, which suspends collection activity for the full remaining statutory period.

D. An offer in compromise hearing, which automatically halts all levy and lien enforcement action.

54. The IRS believes taxpayer Victor Abernathy is about to transfer all his assets offshore and disappear before an assessment can be made. Which collection tool allows the IRS to levy immediately, and what right does Victor retain afterward?

A. A streamlined installment agreement, which requires 30 days' advance written notice before any levy action.

B. A partial payment installment agreement, which suspends all levy rights for the life of the agreement.

C. A guaranteed installment agreement, which prevents any levy as long as payments remain current.

D. A jeopardy levy, issued without the usual pre-levy notice, after which the taxpayer may request administrative and judicial review within 30 days.

55. Revenue Officer Hattie Delacroix wants to seize and sell taxpayer Owen Praxton's principal residence to satisfy an unpaid liability of $40,000. What must occur before this seizure may proceed?

A. Only the area director must approve the seizure in writing; no court involvement is required.

B. The IRS may seize the residence after issuing a routine Notice and Demand for Payment.

C. A federal district court judge or magistrate must approve the seizure in writing before the principal residence may be seized.

D. The taxpayer must first be offered a streamlined installment agreement before any seizure occurs.

56. Taxpayer Renee Ashworth has an outstanding levy against her wages. Under which of the following circumstances is the IRS required to release the levy?

A. Whenever the taxpayer requests it in writing, regardless of the liability's status.
B. When the liability is fully satisfied or the levy is creating economic hardship for the taxpayer.
C. Only when the taxpayer files for bankruptcy protection under Chapter 7.
D. Only after the ten-year collection statute has fully expired with no exceptions.

57. Enrolled agent Felix Correia is advising client Desmond Halloway, whose Notice of Federal Tax Lien was recently withdrawn after she entered a direct debit installment agreement. How does a withdrawal differ from a release?

A. A withdrawal extinguishes the underlying tax debt entirely, while a release only lowers the amount owed.
B. A release removes the public record entirely, while a withdrawal keeps the lien publicly recorded indefinitely.
C. A withdrawal removes the public notice as though it were never filed, while a release extinguishes the lien itself but the filing remains part of the public record.
D. A withdrawal and a release both permanently erase all record that a lien was ever filed.

58. Taxpayer Julian Ferro wants to refinance his mortgage to obtain a lower interest rate, but an existing federal tax lien is preventing the new lender from taking first priority position. Which lien remedy allows another creditor's interest to move ahead of the IRS's lien without removing it?

A. Subordination, which allows another creditor's interest to take priority over the federal tax lien while the lien itself remains in place.
B. Withdrawal, which permanently removes all record that a federal tax lien was ever filed against the property.
C. Discharge, which removes the lien's effect from every asset the taxpayer owns, not just one property.
D. Release, which is only available once the entire tax liability has been fully paid in full.

59. Taxpayer Camille Restrepo is selling one parcel of vacant land but wants to retain her other real estate holdings; a federal tax lien currently attaches to all of her property. Which remedy removes the lien's effect from just that one parcel so the sale can close?

A. Withdrawal, which removes the notice from all of her property and eliminates public notice everywhere.

B. Subordination, which moves the IRS lien behind a new lender's interest but leaves it attached to the parcel.

C. Release, which extinguishes the entire liability and removes the lien from every asset she owns.

D. Discharge, which removes the specific parcel from the lien's effect while the lien continues to attach to her remaining property.

60. Practitioner Selena Whitfield is preparing a collection information statement for her client, a sole proprietor requesting a partial payment installment agreement. Which form should she use, and which form would apply instead if the client were a corporation?

A. Form 433-F for the sole proprietor; Form 433-A for the corporation.

B. Form 433-A for the sole proprietor; Form 433-B would apply instead for a corporation or business entity.

C. Form 656 for the sole proprietor; Form 433-B for the corporation.

D. Form 433-B for the sole proprietor; Form 433-A for the corporation.

61. Vernon Castellano received a notice and demand for payment of an assessed tax deficiency but failed to pay within 21 days (10 business days if the amount owed is $100,000 or more). Which penalty under §6651 applies specifically to this failure to pay tax stated on a notice and demand, as opposed to the failure to pay tax shown on the original return?

A. §6651(a)(1), for failure to timely file the return itself

B. §6651(a)(2), for failure to pay tax shown on the return

C. §6662, the general accuracy-related penalty for negligence

D. §6651(a)(3), for failure to pay tax stated in a notice and demand

62. Priya Anantharaman wants to know how the IRS calculates the interest rate charged on income tax underpayments for individual taxpayers. Which describes the standard method used to set this quarterly rate?

A. A fixed 6% annual rate set permanently by statute

B. Federal short-term rate plus 3 percentage points, compounded daily

C. Prime rate plus 2 percentage points, compounded monthly

D. Federal short-term rate plus 5 percentage points, compounded annually

63. Walter Higgins, a payroll service owner, filed several Forms 1099-NEC with incorrect payee taxpayer identification numbers and also failed to furnish corrected payee statements. Which Code sections impose penalties for these separate failures regarding information returns and payee statements?

A. §6721 (information returns) and §6722 (payee statements)

B. §6694 and §6695 preparer penalties

C. §6651(a)(1) and §6651(a)(2) filing penalties

D. §6662 and §6663 accuracy and fraud penalties

64. Renata Volkov organized and sold interests in an investment arrangement while making statements about tax benefits that she knew, or had reason to know, were false or fraudulent. Which penalty applies to organizing or selling abusive tax shelters through such gross valuation misstatements or false statements?

A. §6701 aiding and abetting penalty

B. §6694(b) willful understatement penalty

C. §6700 promoting abusive tax shelters penalty

D. §6663 civil fraud penalty

65. Desmond Fairweather, an accountant, knowingly prepared workpapers containing fabricated deductions for a client's return, though he did not sign the return as preparer. He knew the documents would be used to understate the client's tax liability. Which penalty applies to a person who aids or assists in preparing a document knowing it will result in an understatement of tax?

A. §6701 aiding and abetting understatement of tax liability

B. §6694(a) understatement due to unreasonable position

C. §6695(f) negotiating a client's refund check

D. §6672 trust fund recovery penalty

66. Louise Bergstrom, an individual taxpayer, understated her tax liability on her return. For purposes of the §6662 substantial understatement penalty, what understatement amount is generally required to be considered 'substantial' for an individual?

A. Any understatement exceeding $1,000
B. The greater of 5% of the tax required or $2,500
C. The greater of 10% of the tax required or $5,000
D. A flat $10,000 regardless of the tax shown

67. Revenue Agent Dalton asks taxpayer Marion Ostergaard to sign Form 872, Consent to Extend the Time to Assess Tax, because the original three-year assessment period is about to expire before the examination can be completed. If Marion voluntarily signs the form, what is the effect?

A. The assessment period is permanently extended with no fixed ending date ever again
B. The consent is void unless a federal court first approves the extension
C. The three-year period restarts from zero as of the date Marion signs
D. The assessment period is extended to the date specified in the agreement between Marion and the IRS

68. Ingrid Halvorsen requested written advice from the IRS about a specific tax question, provided complete and accurate facts, and followed that written advice exactly, resulting in an underpayment when the advice proved incorrect. Under §6404(f), what relief may she claim?

A. Automatic first-time abatement regardless of facts submitted
B. Penalty abatement for reasonable reliance on erroneous written IRS advice
C. No relief because taxpayers bear strict liability for IRS errors
D. A refund of the underlying tax itself, not just penalties

69. Curtis Whitfield provided his CPA with all relevant facts about a complex transaction and relied in good faith on the CPA's professional judgment that a deduction was allowable, which later proved incorrect. Under the reasonable cause standard, what must Curtis generally demonstrate to avoid the accuracy-related penalty?

A. That the CPA was licensed in every state where he filed
B. That the advice was given entirely free of charge to him
C. That he reasonably relied in good faith on a competent advisor
D. That the IRS had specifically pre-approved the advisor's credentials

70. Adaeze Nnamdi deliberately concealed income and falsified records with intent to evade tax, and the government pursued criminal prosecution rather than only a civil fraud penalty. Which statute defines the criminal offense of willfully attempting to evade or defeat any tax, distinguishing it from the civil fraud penalty under §6663?

A. §6702 frivolous return penalty
B. §7201 attempt to evade or defeat tax
C. §7203 willful failure to file
D. §6663 civil fraud penalty itself

71. Gerald Pruitt signed a return under penalties of perjury that he knew contained materially false statements about his income. Which statute makes it a felony to willfully make and subscribe a return the signer does not believe to be true and correct as to every material matter?

A. §7207 fraudulent statements to the IRS
B. §7202 failure to collect and pay over tax
C. §6663 civil fraud penalty
D. §7206 fraud and false statements

72. Yolanda Marsh signed a joint return that claimed a large business deduction her husband later admitted was fabricated. The couple used the resulting refund to fund a vacation home, and Yolanda enjoyed a lifestyle beyond their reported income. Under §6015(b), what standard is used to assess whether she 'knew or had reason to know' of the understatement?

A. Whether a reasonable person in her situation would have known of the understatement
B. Whether she personally signed every supporting document behind the deduction claimed
C. Whether the IRS had previously audited a prior tax year's return
D. Whether her husband was ever criminally convicted for tax fraud

73. Simone Baptiste seeks equitable relief under §6015(f) after divorcing a spouse who controlled all household finances and was abusive during the marriage. Which factors does the IRS weigh in evaluating such an equitable relief request?

A. Only the requesting spouse's current marital status

B. Only whether a joint return was filed at all

C. Economic hardship, abuse, and compliance history, among other factors

D. Only the total dollar amount of the unpaid liability

74. Harold Kessler received a statutory notice of deficiency and timely petitioned the Tax Court to contest the proposed adjustment. Under §6213, what restriction applies to the IRS's ability to assess the disputed tax while the Tax Court case is pending?

A. The IRS may assess immediately once the petition is filed

B. The IRS may assess only the penalty portion, not the tax

C. Assessment is barred only if the amount exceeds $100,000

D. Assessment and collection are generally barred until the decision becomes final

75. Naomi Fitzgerald's return contained an arithmetic error that the IRS corrected, resulting in additional tax assessed through a math error notice rather than a formal deficiency notice. Why can the IRS assess this additional amount without following the standard deficiency procedures?

A. Mathematical and clerical errors are excepted from deficiency procedures under §6213(b)

B. All IRS assessments automatically bypass deficiency procedures entirely

C. The taxpayer waived all deficiency rights simply by e-filing

D. Math errors always exceed the substantial understatement penalty threshold

76. Ray Torrance took a return position that lacked substantial authority but had a reasonable basis, and he adequately disclosed the position on Form 8275 attached to the return. How does this disclosure affect the §6662 substantial understatement penalty for that item?

A. Disclosure has no effect; the penalty still applies in full

B. Adequate disclosure with reasonable basis removes the item from the understatement calculation

C. Disclosure converts the item into a frivolous position under §6702

D. Disclosure triggers an automatic audit of the entire return

77. Bianca Suarez repeatedly argued frivolous constitutional objections to the tax laws in her Tax Court petition, and the court found her position was maintained primarily for delay. What penalty may the Tax Court impose under §6673?

A. A penalty payable to the petitioner's own representative

B. Automatic dismissal with no monetary penalty

C. A penalty up to $25,000 payable to the United States

D. Referral for criminal prosecution only, with no civil penalty

78. Clarence Odom represents an individual who submitted detailed information to the IRS Whistleblower Office identifying a large-scale tax underpayment by a corporation, leading to substantial collected proceeds. Under §7623, what may the whistleblower generally be awarded?

A. A percentage of collected proceeds, generally 15% to 30% for qualifying claims

B. A fixed flat fee of $500 regardless of amount collected

C. No award unless the whistleblower is also a licensed attorney

D. Only reimbursement of the whistleblower's own tax preparation costs

79. Petra Solheim discovered that someone fraudulently filed a tax return using her Social Security number before she filed her own. What form should her representative help her file to report this tax-related identity theft to the IRS?

A. Form 8857 Request for Innocent Spouse Relief

B. Form 14039 Identity Theft Affidavit

C. Form 911 Taxpayer Advocate Assistance Request

D. Form 2848 Power of Attorney

80. Omar Hassan's client received a CP2000 notice proposing additional tax because income reported by a third party did not match the client's return. As the client's representative, what is the most appropriate initial step in responding to this Automated Underreporter notice?

A. Ignore the notice entirely, since CP2000s are not legally binding
B. Immediately petition the Tax Court without first responding to the IRS
C. File an amended return instead of responding to the notice at all
D. Review the proposed changes and respond by the deadline with documentation

81. Diane Marchetti called the IRS helpline, received oral advice from an employee about a filing requirement, and relied on that advice, resulting in a penalty when the advice proved incorrect. Compared to written advice under §6404(f), how is reliance on erroneous oral IRS advice typically treated for reasonable cause purposes?

A. It may support reasonable cause under a general facts-and-circumstances test
B. It automatically qualifies for the same statutory abatement as written advice
C. It is entirely disregarded and can never be considered at all
D. It only applies if the phone call itself was recorded

82. Felix Dubois served as a company's controller without holding an officer title, but he had authority to sign checks and decide which creditors, including the IRS, were paid. For §6672 trust fund recovery penalty purposes, can Felix be deemed a 'responsible person'?

A. No, because only corporate officers can be responsible persons
B. No, because check-signing authority alone is never sufficient
C. Yes, responsible-person status extends beyond formal titles to actual authority
D. Yes, but only if he was also a majority shareholder

83. Julian Ostrowski and his wife, Paula Cross, filed a joint return with an understated tax liability, and no innocent spouse relief was granted to either spouse. What is the general rule regarding each spouse's liability for the tax shown on that joint return?

A. Liability is divided automatically in proportion to each spouse's income
B. Each spouse is jointly and severally liable for the entire amount
C. Only the spouse who signed the check owes the balance
D. Liability is capped at 50% for the lower-earning spouse

84. Gregory Ashworth never filed a return for a tax year in which withholding was taken from his wages, and he later sought a refund of the excess withholding several years after payment. Since no return was ever filed, which limitations period governs his refund claim under §6511?

A. Three years from the date the return was originally filed
B. Three years from the original due date of the return
C. Four years from the date the tax was actually paid
D. Two years from the date the tax was paid, absent a filed return

85. Which statement about the Practitioner PIN method correctly describes how an ERO obtains authorization to electronically sign a taxpayer's individual income tax return?

A. The taxpayer selects any five-digit self-created PIN, and no prior-year AGI or PIN is needed for identity verification since the ERO retains a signed Form 8879 for authorization.
B. The taxpayer must provide their prior-year adjusted gross income to the ERO before the return can be transmitted using the Practitioner PIN method.
C. The IRS assigns the taxpayer a random ten-digit PIN by mail, which the taxpayer must then transmit directly to the IRS.
D. The Practitioner PIN method requires the taxpayer to physically appear at an IRS Taxpayer Assistance Center before signing.

86. Desmond Larkin operates a tax preparation firm and also owns software that sends returns directly to the IRS on behalf of several unrelated firms. In IRS e-file terminology, what role does Desmond's software function serve when transmitting these other firms' returns?

A. Desmond is acting solely as an Electronic Return Originator because he originates the electronic submission of the returns to the IRS.

B. Desmond is acting as a Transmitter because he sends the electronic return data directly to the IRS's Modernized e-File system.

C. Desmond is acting as a Reporting Agent because he electronically files returns on behalf of taxpayers who are not his own clients.

D. Desmond is acting as an Intermediate Service Provider because he only processes data before it reaches the originator.

87. Priya Chandrasekhar, an ERO, electronically transmits a client's Form 1040, which the IRS rejects due to a data mismatch. Under the "perfection period" rules, how many calendar days generally does Priya have to correct and retransmit the rejected individual return so it is treated as timely filed?

A. 3 calendar days from the date of the initial rejection notification.

B. 21 calendar days from the original return due date only.

C. 5 calendar days from the date of the initial rejection notification.

D. 10 calendar days from the date of the initial rejection notification.

88. A client asks Deborah Nakashima, EA, how long amended returns typically take to process and how she can check the status. Which statement best describes the correct guidance?

A. Amended returns process within 2 weeks and status can only be checked by calling the IRS practitioner priority line.

B. Amended returns process within 4 weeks and status is checked using the "Get My Payment" online tool.

C. Amended returns process within 6 weeks and status is checked using the "Get Transcript" online tool.

D. Amended returns can take up to 16 weeks or longer, and status is checked using "Where's My Amended Return."

89. Ricardo Delgado filed his 2025 Form 1040 on February 20, 2026, then discovered an error and filed a corrected 2025 Form 1040 on March 15, 2026, before the April 15, 2026 due date. How should the March return filed be classified?

A. It is an amended return because it corrects a previously filed return within the same tax year.

B. It is a superseding return because it was filed before the original due date replacing the prior filing.

C. It is a duplicate return, and the IRS will reject the second filing as a repeat submission.

D. It is a qualified amended return, which only applies to returns affected by penalty relief provisions.

90. Lauren Ashworth, EA, prepares a return taking a position contrary to a published Treasury regulation but believes the position has a reasonable basis. Which form should she attach to disclose this position and help avoid certain accuracy-related penalties?

A. Form 8275-R, Regulation Disclosure Statement, since the position is contrary to a Treasury regulation.

B. Form 8275, Disclosure Statement, since it applies specifically to positions contrary to regulations.

C. Form 8867, Paid Preparer's Due Diligence Checklist, to disclose the disputed position.

D. Form 2848, Power of Attorney, to formally notify the IRS of the disclosed position.

91. A client tells Samuel Okafor, EA, that filing Form 4868 gives him extra time to both file and pay his 2025 taxes without penalty. How should Samuel correct this misunderstanding?

A. Form 4868 extends both the filing and payment deadlines by six months automatically for all taxpayers.

B. Form 4868 extends only the payment deadline, but the return itself must still be filed by April 15.

C. Form 4868 extends only the time to file the return; the tax owed is still due by the original deadline.

D. Form 4868 extends the filing deadline only if the taxpayer also submits full payment with the request.

92. Fiona Braithwaite is a U.S. citizen whose tax home and abode are both outside the United States and Puerto Rico on April 15, 2026. Without filing any form, what extension does she automatically receive for filing her 2025 return?

A. An automatic 4-month extension to file and pay, moving her deadline to August 15, 2026.

B. No automatic extension; she must file Form 4868 like any domestic taxpayer to get more time.

C. An automatic 6-month extension to file only, with payment still due on April 15, 2026.

D. An automatic 2-month extension to file and pay, moving her deadline to June 15, 2026.

93. Staff Sergeant Diego Marchetti serves in a designated combat zone. Which statement correctly describes the effect on his filing and payment deadlines under §7508?

A. His deadlines are extended by exactly 90 days after leaving the combat zone, with no additional days added.

B. Combat zone service only extends the payment deadline; filing deadlines remain unaffected under the statute.

C. His deadlines are extended for the period of combat zone service plus 180 days after leaving the zone.

D. Combat zone service provides no automatic extension; he must separately file Form 4868 to obtain relief.

94. Theodora Lindqvist prepares a return for a taxpayer who has been declared mentally incompetent by a court, which has appointed a legal guardian to manage the taxpayer's affairs. Who should sign the taxpayer's return?

A. The taxpayer must still sign personally, as no third party may sign on behalf of an incompetent individual.

B. The court-appointed guardian signs the return on the taxpayer's behalf, indicating their representative capacity.

C. Nathaniel, as the preparer, may sign the return as the taxpayer's agent under these circumstances.

D. No signature is required if a court order declaring incompetency is attached to the return.

95. Taxpayer Harold Kimbrough died in November 2025, before filing his 2024 return. His daughter, Renee Kimbrough, was never appointed executor or administrator, and no one has been court-appointed to represent the estate. Who may sign the final return on his behalf?

A. No return can be filed until a court appoints a personal representative for the estate.

B. Only a surviving spouse may sign a final return; without one, the return cannot be filed.

C. The IRS must sign the return administratively when no representative has been appointed by a court.

D. A surviving relative, such as Renee, may sign as "personal representative" absent a court appointment.

96. Patricia Alvarado's spouse died in 2024. She has a dependent child living with her and paid more than half the cost of maintaining the home for the entire year. For 2025 and 2026, which filing status may she use if she remains unmarried and otherwise qualifies?

A. Qualifying Surviving Spouse, available for the two tax years following the year of the spouse's death.

B. Head of Household only, since qualifying surviving spouse status expires after just one year.

C. Single, because qualifying surviving spouse status is limited strictly to the year of death itself.

D. Married Filing Jointly, since her deceased spouse is still treated as a taxpayer for two years.

97. On a joint return, Wendell Foster wants to split the refund via Form 8888 so that a portion is deposited into an account held solely in his name, separate from his wife's. What is required for this allocation to be valid?

A. No special consent is needed; either spouse may unilaterally direct refund shares to separate individual accounts.

B. Both spouses must sign the joint return, which serves as consent to the split-refund allocation shown.

C. A separate notarized authorization form must be filed in addition to Form 8888 for split deposits.

D. The IRS requires each spouse to file Form 8888 independently before honoring any split-deposit request.

98. Client Yusuf Bello asks Grace Thornbury, EA, how long he personally must keep records supporting the income and deductions reported on his filed return. What is the general guidance she should give?

A. Records must be kept for exactly 3 years, matching the preparer's own recordkeeping requirement under §6107.

B. Records need only be kept for 1 year, since electronic transcripts are always available from the IRS.

C. Records should be kept for as long as they may be needed to substantiate items, generally at least the assessment period.

D. Records must be kept permanently, regardless of the type of item or the applicable statute of limitations.

99. Isabelle Fournier owns a multi-preparer tax firm. Under §6060, what recordkeeping obligation does she have regarding the individuals she employs as return preparers?

A. She must file the list of employed preparers annually with the IRS Return Preparer Office by January 31.

B. She has no separate obligation, since each individual preparer's own §6107 list satisfies the firm's requirement.

C. She must post the list of employed preparers publicly at the firm's business location for client review.

D. She must maintain a list of preparers employed and make it available to the IRS upon request.

100. A new firm wants to begin e-filing client returns. Which statement correctly describes the process for obtaining and maintaining the firm's Electronic Filing Identification Number (EFIN)?

A. The firm applies once through IRS e-Services, and the EFIN generally does not require annual renewal once approved.

B. The firm must renew its EFIN application every single year to remain eligible to transmit e-filed returns.

C. Each individual preparer within the firm must obtain a separate personal EFIN before filing any return.

D. The EFIN is automatically issued upon obtaining a PTIN, with no separate application process required at all.

Answer Key and Explanations — Practice Exam 30, Part 3: Representation, Practices, and Procedures

1. B — Circular 230 §10.25(b)(1) imposes a permanent bar preventing former government employees from representing any person in a matter where they personally and substantially participated while employed by the government, with no expiration. This is distinct from the one-year restriction covering matters merely under their official responsibility. Reilly's direct, substantial involvement in the matter triggers this lifetime prohibition.

2. C — An enrolled agent who wishes to stop practicing while preserving eligibility for future reinstatement may request inactive retirement status under §10.6, notifying the IRS in writing. This status is available after specified years of active enrollment and exempts the practitioner from CE and renewal obligations until she requests reactivation to return to practice.

3. A — The Return Preparer Office handles the administrative functions of practitioner regulation, including processing enrollment applications, renewals, and PTIN registration. When RPO identifies possible violations of Circular 230, it refers those matters to the Office of Professional Responsibility, which holds independent authority to investigate and pursue disciplinary sanctions, including suspension or disbarment.

4. D — The SEE has no formal education prerequisite. Under Circular 230, any individual may sit for the exam regardless of degree, coursework, or prior tax experience, provided they obtain a valid PTIN before scheduling. Eligibility to take the SEE is open, while enrollment itself requires passing all three parts and clearing suitability screening.

5. D — Suitability review under §10.5 allows the IRS to verify an applicant meets standards of good character and fitness. This may include fingerprinting and a background check covering both tax compliance history and criminal record, not financial statements or employer letters. Applicants who fail suitability may be denied enrollment or face conditions on approval.

6. C — Once a suspension or disbarment order becomes final and effective, the practitioner is immediately prohibited from all practice before the IRS under Circular 230 Subpart C. Existing powers of attorney and pending representation authority end at once; there is no transition period, and affected clients must promptly secure substitute representation to protect their interests.

7. B — Circular 230 recognizes that any taxpayer has an unrestricted right to represent themselves before the IRS in any matter, without needing to be enrolled, credentialed, or authorized as a practitioner. This self-representation right applies to all proceeding types, including examinations, appeals, and collection matters, and requires no power of attorney or filing.

8. A — Circular 230 §10.7(c) permits an individual to represent their regular full-time employer, including a corporation, partnership, or association, before the IRS without being enrolled. This exception recognizes the employee's ongoing relationship and firsthand knowledge of the employer's affairs, distinguishing it from paid third-party representation, which generally requires enrollment or another recognized credential.

9. D — A fiduciary such as a trustee, executor, receiver, or guardian represents the entity or estate itself, standing in the taxpayer's own shoes rather than acting as a third-party practitioner. Filing Form 56, Notice Concerning Fiduciary Relationship, establishes this authority, and Circular 230 does not require the fiduciary to be separately enrolled to act.

10. B — Circular 230 §10.7(d) allows the IRS to authorize special appearances, permitting law and accounting students working in qualified Low Income Taxpayer Clinics or similar programs to represent taxpayers under the direct supervision of a faculty member or supervising attorney. This authorization is limited and does not constitute general enrollment as a practitioner.

11. C — An applicant denied enrollment is not without recourse. Circular 230 provides an administrative process allowing the applicant to request a conference with the Return Preparer Office and appeal the denial decision, similar to protections afforded in disciplinary proceedings. This ensures denials are reviewed rather than treated as automatically final and unappealable.

12. A — Practice before the IRS, as defined in Circular 230 §10.2(a)(4), covers matters such as representing a taxpayer at conferences, hearings, or meetings, and communicating with the IRS on the taxpayer's behalf. Simply preparing a return and providing information does not, by itself, constitute practice unless representation activities are also performed.

13. B — PTINs must be renewed annually, and the current PTIN expires on December 31 each year. Preparers who fail to renew before the new filing season begins are not authorized to prepare returns for compensation. This annual cycle is separate from the enrolled agent's own three-year enrollment renewal requirement under Circular 230.

14. D — The enrollment card issued to an enrolled agent serves as official evidence that the holder is currently enrolled and authorized to practice before the IRS. It reflects active status, not a specific background check date, state licensure, or educational background, and should be renewed and updated whenever the practitioner's enrollment cycle is completed.

15. A — Because tax return preparation alone does not meet the definition of practice before the IRS, a suspension under Circular 230 does not bar the individual from preparing returns as an unenrolled preparer with a valid PTIN. The suspension only removes his authority to represent clients in dealings with the IRS itself.

16. C — Circular 230 §10.7(c) permits a general partner to represent the partnership before the IRS without being enrolled, similar to the exception for regular full-time employees representing their employer. This recognizes the partner's direct ownership interest and personal stake in the entity's tax matters, distinguishing the role from paid third-party representation requiring enrollment.

17. A — Section 10.24 permits a disbarred or suspended practitioner to work for an enrolled agent in a non-practice capacity, such as bookkeeping, so long as the individual has no client contact requiring the exercise of judgment on tax matters before the IRS. Practice before the IRS remains prohibited during suspension or disbarment.

18. B — Section 10.34 requires a preparer to have a reasonable basis for any position lacking substantial authority, and that position must be adequately disclosed on the return or an attached statement. Substantial authority alone permits nondisclosure, while reasonable basis without substantial authority requires disclosure to avoid violating Circular 230's return-position standards.

19. D — Section 10.35 defines competence as possessing the requisite knowledge, skill, thoroughness, and preparation necessary for the matter, which a practitioner may achieve through necessary study, consultation with qualified colleagues, or other adequate preparation. Prior direct experience is not mandatory if the practitioner takes reasonable steps to become competent before agreeing to proceed with the representation.

20. C — Section 10.36 requires a practitioner with principal authority over a firm's practice to take reasonable steps to ensure the firm has adequate procedures for all members, associates, and employees to comply with Circular 230. This is a reasonable-steps standard; isolated lapses by subordinates do not automatically create personal liability under this section.

21. A — Section 10.52 authorizes sanctions for violations committed willfully, recklessly, or through gross incompetence. Gross incompetence includes a pattern or practice of failing to exercise ordinary care in determining or verifying facts relevant to a matter, reflecting consistent carelessness or indifference, even absent intent to violate any rule. This standard distinguishes isolated mistakes from a sustained failure pattern.

22. B — Circular 230 requires OPR to prove alleged violations by clear and convincing evidence in disciplinary proceedings before an administrative law judge. This heightened standard, above a mere preponderance but below the criminal beyond-a-reasonable-doubt threshold, reflects the serious professional consequences a practitioner faces from suspension, disbarment, or monetary penalty under these procedural rules.

23. C — Circular 230 permits either party to appeal an administrative law judge's decision in a disciplinary proceeding to the Secretary of the Treasury's designated Appellate Authority within the time prescribed in the regulations. The Appellate Authority reviews the record and may affirm, reverse, or modify the judge's original decision. Failure to timely appeal renders the decision final and binding.

24. D — Under Circular 230, a practitioner's failure to timely respond to an OPR information request without adequate explanation can trigger an expedited proceeding resulting in interim suspension. The suspension remains in effect until the practitioner complies with the request or the underlying matter is otherwise resolved through the disciplinary process, which then resumes its normal course.

25. A — Circular 230 permits a practitioner under investigation to offer consent to be suspended from practice before the IRS for a period agreed upon with OPR, without formally admitting or denying the underlying allegations. If OPR accepts, the consented suspension resolves the matter without the need for a full disciplinary hearing.

26. B — Circular 230 authorizes an expedited suspension procedure for practitioners whose license to practice has been revoked or suspended by a state licensing authority for cause, or who have been convicted of certain crimes, after a proceeding affording due process. This bypasses the standard hearing process because the underlying matter was already adjudicated by a competent authority.

27. C — Negotiated settlement agreements between a practitioner and OPR are generally treated as confidential and not released to the public. In contrast, final decisions issued after a contested administrative hearing, including any appeal, are generally made publicly available, reflecting the adjudicated and final nature of the disciplinary determination reached through the formal hearing process.

28. A — Circular 230 requires a disbarred practitioner to wait a minimum of five years from the effective date of disbarment before petitioning for reinstatement to practice before the IRS. Because Delacroix's disbarment took effect only four years ago, she remains ineligible to file her reinstatement petition at this time. The IRS retains discretion to grant or deny it once eligible.

29. D — Circular 230 restricts uninvited in-person or live telephone contact, sometimes called real-time solicitation, directed at prospective clients with whom the practitioner has no existing relationship, because of the coercive potential of direct real-time contact. Written advertising, mailings, and print media are subject to different and less restrictive standards under §10.30 of the regulations.

30. C — Circular 230 addresses concerns about practitioners sharing representation fees with non-practitioners, since such arrangements can create incentives that compromise independent judgment and improperly commercialize referrals. Structuring payments to an unenrolled referral source as a share of representation fees raises fee-splitting concerns distinct from ordinary, permissible arrangements used to pay for legitimate advertising services.

31. B — Circular 230 prohibits a practitioner from knowingly assisting, counseling, or otherwise participating in a client's violation of federal tax law or the commission of a fraudulent act. By continuing to prepare and sign a return she knows contains deliberately underreported income, Lindqvist directly violates this prohibition against knowing assistance. Such conduct exposes her to sanctions under both provisions alike.

32. D — Form 2848 includes a substitution or delegation section that lets the taxpayer authorize the named representative to substitute another eligible practitioner or delegate authority without executing a new power of attorney. Marcus must complete this section, or attach a statement meeting IRS requirements, and file it with the CAF unit; verbal consent or Form 8821 cannot confer representation authority.

33. D — IRC §7521 permits taxpayers to make an audio recording of in-person interviews conducted by the IRS, provided the taxpayer gives the IRS advance written notice of the intent to record at least 10 calendar days before the interview. Without proper advance notice, the IRS is not required to permit recording, and the interview may proceed unrecorded.

34. A — The Right to Finality guarantees taxpayers know the maximum time to challenge an IRS position, as well as the maximum time the IRS may audit a particular year or collect a tax debt. This includes clear notice of deadlines such as the 90-day period to petition Tax Court after a statutory notice of deficiency is issued.

35. C — The Right to Confidentiality protects a taxpayer's information from unauthorized disclosure by the IRS, its employees, and any person who receives that information, unless the taxpayer authorizes disclosure or the law specifically permits it. IRC §6103 generally restricts disclosure of returns and return information, and violations can carry civil and criminal penalties.

36. B — IRC §7602 grants the IRS broad authority to issue an administrative summons compelling a taxpayer or third party to produce books, records, and testimony relevant to determining tax liability. When Owen refuses to comply voluntarily with an Information Document Request, the summons becomes the IRS's legal mechanism to enforce production, ultimately through federal court if necessary.

37. C — When the IRS summonses records from a third-party recordkeeper like a bank, IRC §7609 generally requires the IRS to notify the taxpayer whose records are sought, giving Lucille the right to intervene in any enforcement proceeding and file a petition to quash the summons before the bank must comply with it.

38. D — A case is classified as unagreed when the taxpayer disagrees with the examiner's proposed adjustments and does not sign a waiver such as Form 870 accepting the changes. An unagreed case proceeds to the 30-day letter and potential Appeals review, while an agreed case is resolved and closed once the taxpayer signs the consent.

39. B — The 30-day letter formally notifies Harold of proposed adjustments and gives him 30 days to either agree by signing the enclosed form and paying, or disagree and request an administrative conference with the IRS Independent Office of Appeals. Ignoring the letter typically leads to issuance of a statutory notice of deficiency.

40. A — A statutory notice of deficiency, commonly called the 90-day letter, is a legal prerequisite to assessment that gives Priya 90 days from the mailing date, or 150 days if she is outside the United States, to petition the U.S. Tax Court and contest the deficiency before the IRS may assess the additional tax.

41. C — IRS policy protects taxpayers from unnecessary repetitive examinations of issues already examined in one of the two preceding years that resulted in no change, unless a supervisory official determines a further examination is warranted and approves it. Wesley's prior examinations of the same issues trigger this safeguard absent such required managerial approval.

42. A — A Form 2848 authorizes representation only for the specific tax matters and periods listed on the form; it does not automatically extend to later, unlisted tax years. When the IRS opens an examination of a year not covered by the existing authorization, the representative must file a new or amended Form 2848 identifying that additional year before representation may continue.

43. D — Circular 230 prohibits a practitioner from representing conflicting interests without full disclosure and informed written consent from each affected client. Because Simon represented both the taxpayer and a directly adverse business partner without such consent, the Office of Professional Responsibility may disqualify him from continuing representation and pursue additional disciplinary sanctions under Circular 230.

44. B — The Right to Be Informed entitles taxpayers to know what they need to do to comply with the tax laws, to receive clear explanations of IRS procedures, and to be told of IRS decisions affecting their accounts, including the reasons for any changes, examination results, and expected timeframes for resolution of their tax matters.

45. D — Even in a correspondence examination conducted by mail, Bethany retains her fundamental taxpayer rights, including representation, appeal to the Independent Office of Appeals, and the ability to request the matter be transferred to a face-to-face or telephone contact if the issues are too complex to resolve efficiently through written correspondence alone.

46. B — Representatives who need additional time to respond to an Information Document Request should proactively contact the revenue agent before the deadline and request a reasonable extension, explaining why more time is needed. Cooperative communication helps avoid a formal summons and preserves goodwill, while ignoring deadlines can prompt the IRS to escalate enforcement.

47. C — Under IRC §1001(a) and Rev. Proc. 2012-18, ex parte communications between Appeals and Examination or Collection personnel that discuss the strengths, weaknesses, or hazards of litigation in a case are generally prohibited unless the taxpayer or representative is given a fair opportunity to participate, which preserves Appeals' independence and impartiality throughout the resolution process.

48. A — Fast Track Settlement (FTS) lets SB/SE and LB&I taxpayers resolve disputes while the case is still open in Examination, using a trained Appeals official as mediator. It typically concludes within 60 days, and if unsuccessful, the taxpayer retains all normal appeal and protest rights, unlike programs available only after Examination closes.

49. C — Fast Track Mediation (FTM) allows an Appeals employee to mediate certain legally supportable collection disputes, including offer-in-compromise rejections and trust fund recovery penalty determinations, while the case remains within Collection. It is generally completed within 40 days, and the taxpayer keeps normal appeal rights if mediation fails to resolve the dispute.

50. B — An Appeals conference is informal and conversational, with no requirement for sworn testimony, formal exhibits, or adherence to the Federal Rules of Evidence, letting the parties discuss hazards of litigation candidly. Tax Court proceedings, by contrast, are formal judicial litigation governed by procedural rules, evidentiary standards, and a sworn record.

51. D — A taxpayer whose offer in compromise is rejected has 30 days from the date on the rejection letter to request Appeals review using Form 13711, Request for Appeal of Offer in Compromise, or a written protest containing equivalent information. Missing this deadline forfeits the right to have Appeals independently reconsider the rejection.

52. A — Under IRC §6330(e)(1), timely filing a CDP hearing request suspends the running of the ten-year collection statute of limitations from the date the request is filed until the Appeals determination becomes final, including any Tax Court review period, with the statute then resuming afterward rather than continuing to run or being reset entirely.

53. A — A taxpayer who misses the 30-day CDP deadline but requests a hearing within one year may receive an equivalent hearing, where Appeals considers the same issues. However, the resulting decision letter carries no right to petition Tax Court, unlike a timely CDP request, which produces a notice of determination that is judicially reviewable.

54. D — When collection appears to be in jeopardy—such as a taxpayer planning to flee, conceal, or dissipate assets—the IRS may issue a jeopardy levy or assessment immediately, bypassing the usual pre-levy notice requirements. Notice and demand follow afterward, and the taxpayer retains the right to administrative review and judicial review within 30 days.

55. C — Under IRC §6334(e)(1), a principal residence may not be seized to satisfy a tax liability unless a federal district court judge or magistrate approves the seizure in writing, finding that no other property is reasonably available and proper procedures were followed, providing an added judicial safeguard beyond ordinary administrative levy authority.

56. B — IRC §6343 requires the IRS to release a levy when the underlying liability is fully satisfied, the collection period has expired, release will facilitate collection, or the levy is creating a genuine economic hardship for the taxpayer, such as preventing them from meeting basic, reasonable living expenses. A mere written request alone is insufficient.

57. C — Withdrawal removes the public Notice of Federal Tax Lien as though it had never been filed, even though the underlying lien and liability may still exist, and is often used when it will facilitate collection or the taxpayer entered an installment agreement. Release extinguishes the lien itself once the liability is satisfied, but the filed notice remains on record.

58. A — Subordination under IRC §6325(d) does not remove the federal tax lien; instead, it allows another creditor, such as a refinancing lender, to move ahead of the IRS in priority. This can facilitate refinancing and ultimately improve the government's ability to collect, since the IRS's lien continues to attach to the property.

59. D — Discharge under IRC §6325(b) removes a specific piece of property from the effect of a federal tax lien, allowing that property to be sold or transferred free and clear, while the lien continues attaching to the taxpayer's other assets. This differs from subordination, which reprioritizes rather than removing the lien from any property.

60. B — Form 433-A, Collection Information Statement for Wage Earners and Self-Employed Individuals, is used for individuals and sole proprietors, capturing personal and business financial details in one statement. Form 433-B, Collection Information Statement for Businesses, applies to corporations, partnerships, and other business entities seeking collection alternatives such as installment agreements or offers in compromise.

61. D — Under §6651(a)(3), a taxpayer who fails to pay an assessed tax within 21 days of a notice and demand (10 business days if $100,000 or more) faces a penalty of 0.5% per month, up to 25% total. This differs from §6651(a)(2), which penalizes failure to pay tax shown on a timely filed return.

62. B — Under §6621, the interest rate on individual underpayments equals the federal short-term rate, determined quarterly, plus 3 percentage points, and interest compounds daily under §6622. Large corporate underpayments carry a higher add-on of 5 percentage points. This rate adjusts each calendar quarter, so practitioners must verify the current published rate before advising clients.

63. A — Section 6721 penalizes failure to file correct information returns (such as Forms 1099) with the IRS, while §6722 penalizes failure to furnish correct payee statements to recipients. Penalty amounts are tiered based on how quickly the error is corrected and are subject to annual maximums, with higher caps for intentional disregard.

64. C — Section 6700 penalizes any person who organizes or participates in the sale of an interest in an entity, plan, or arrangement while making a statement about tax benefits known to be false or a gross valuation overstatement. The penalty generally equals 50% of the gross income the promoter derived from the activity.

65. A — Section 6701 imposes a penalty on any person who aids, assists in, procures, or advises the preparation of any portion of a return or document knowing it will be used in connection with a material tax matter and will result in an understatement of another person's tax liability, even without signing as preparer.

66. C — For individuals, §6662(d) defines a substantial understatement of income tax as one exceeding the greater of 10% of the tax required to be shown on the return or $5,000. If the understatement meets this threshold, a 20% accuracy-related penalty applies unless the taxpayer can establish reasonable cause and good faith for the position.

67. D — Under §6501(c)(4), a taxpayer may voluntarily consent, using Form 872, to extend the assessment period beyond the general three-year limit to a mutually agreed date, giving the IRS additional time to complete an examination. Signing is voluntary, not restarted from zero or extended indefinitely, and the taxpayer may generally decline or later request a shorter restricted consent instead.

68. B — Section 6404(f) authorizes abatement of penalties and additions to tax attributable to a taxpayer's reasonable reliance on erroneous written advice furnished by the IRS in response to a specific written request, provided the taxpayer supplied accurate and complete information. This narrow statutory relief addresses penalties, not the underlying tax liability itself.

69. C — Reasonable cause based on advisor reliance requires that the taxpayer provided the advisor with complete and accurate information, reasonably believed the advisor was competent and had the necessary expertise, and relied in good faith on the advice. Meeting these elements can excuse the §6662 accuracy-related penalty despite the resulting underpayment.

70. B — Section 7201 makes it a felony to willfully attempt to evade or defeat any tax, requiring proof beyond a reasonable doubt of an affirmative act of evasion, a tax deficiency, and willfulness. Civil fraud under §6663 instead requires clear and convincing evidence and results in a monetary penalty, not imprisonment.

71. D — Section 7206(1) criminalizes willfully signing a return under penalties of perjury that the person does not believe is true and correct as to every material matter, without requiring proof of an actual tax deficiency. It is a felony carrying potential imprisonment, distinct from the civil fraud penalty imposed under §6663.

72. A — The 'knew or had reason to know' standard under §6015(b) is an objective test asking whether a reasonable person in the requesting spouse's circumstances would have known the return contained an understatement, considering education, involvement in finances, and unusual lifestyle expenditures such as the vacation home funded by the deduction.

73. C — Under §6015(f) and Revenue Procedure 2013-34, the IRS weighs a nonexclusive list of factors including economic hardship if relief is denied, marital abuse, knowledge of the item, compliance with filing and payment obligations, current marital status, and whether the requesting spouse received a significant benefit, with no single factor controlling.

74. D — Section 6213(a) generally prohibits the IRS from assessing a deficiency, or beginning a levy or court proceeding to collect it, until 90 days after the notice of deficiency is mailed, or until the Tax Court's decision becomes final if a timely petition is filed, preserving the taxpayer's prepayment litigation forum.

75. A — Section 6213(b) excepts mathematical or clerical errors from the standard deficiency procedures, allowing the IRS to assess the correction summarily. The taxpayer receives a notice describing the error and has 60 days to request abatement, after which normal deficiency procedures, including Tax Court petition rights, would apply to any dispute.

76. B — Under §6662(d)(2)(B), adequately disclosing a position on Form 8275 (or Form 8275-R for a position contrary to regulations) while maintaining a reasonable basis removes that item from the understatement calculation, reducing exposure to the substantial understatement penalty for that item, though disclosure alone never cures a position lacking reasonable basis.

77. C — Section 6673 authorizes the Tax Court to impose a penalty of up to $25,000 payable to the United States when a taxpayer institutes or maintains proceedings primarily for delay, takes a position that is frivolous or groundless, or unreasonably fails to pursue available administrative remedies before litigating the case fully.

78. A — Section 7623(b) provides mandatory awards of 15% to 30% of collected proceeds when the IRS proceeds based on the whistleblower's information and the amounts in dispute exceed $2 million, subject to additional individual income thresholds, while smaller or purely discretionary claims fall under §7623(a) with lower, non-mandatory award percentages set by the IRS.

79. B — Form 14039, Identity Theft Affidavit, is filed to alert the IRS that a taxpayer's identity was used to file a fraudulent return, prompting the IRS to flag the account, issue an Identity Protection PIN for future years, and work with the legitimate taxpayer to properly process their own correct return.

80. D — A CP2000 notice is a proposal, not a bill, generated when third-party reporting does not match the return. The representative should compare the underlying documents, then respond by the stated deadline either agreeing to the proposed change or disputing it with supporting documentation, since silence may result in an assessment.

81. A — Unlike written advice under §6404(f), reliance on erroneous oral advice from an IRS employee is not a statutory abatement right, but it may still support reasonable cause under the general facts-and-circumstances standard in the regulations, particularly if the taxpayer can document the specific call, including date, employee, and advice given.

82. C — Responsible person status under §6672 is based on actual authority and control over financial decisions, not job title. Someone with authority to sign checks and decide which creditors to pay, such as a controller, can be deemed responsible even without an officer title, if that authority extended to trust fund tax payments.

83. B — Under §6013(d)(3), spouses who elect to file a joint return are jointly and severally liable for the entire tax liability shown on the return, plus any resulting deficiency, unless relief is granted under

§6015. This liability is not divided by relative income share and applies fully to each spouse individually.

84. D — Section 6511(a) provides that when no return is filed, a refund claim must be made within two years from the date the tax was paid, rather than the three-years-from-filing alternative, which is unavailable absent a filed return. Withholding is deemed paid on the original due date of the return for this purpose.

85. A — Under the Practitioner PIN method, taxpayers select any five-digit self-created PIN and are not required to provide prior-year AGI or prior-year PIN for identity verification, since the ERO authenticates identity through Form 8879, IRS e-file Signature Authorization, which the ERO retains and does not transmit. This distinguishes it from the Self-Select PIN method.

86. B — A Transmitter is the entity that sends electronic return data directly to the IRS's Modernized e-File system, per IRS e-file rules. An ERO originates the submission by collecting and preparing returns for transmission. Because Desmond's software transmits returns for firms other than his own client base, his function here is that of a Transmitter, not an ERO.

87. C — When an e-filed individual return is rejected, the perfection period generally allows 5 calendar days from the rejection date to correct and retransmit the return. If successfully retransmitted within this window, the return is deemed timely filed as of the original transmission or due date, per IRS e-file procedures governing rejected submissions.

88. D — Amended individual income tax returns filed on Form 1040-X can take up to 16 weeks or longer to process, especially during periods of high volume or if errors require correspondence. Taxpayers and practitioners can track status using the IRS's online "Where's My Amended Return" tool, which shows received, adjusted, and completed stages.

89. B — A superseding return is a subsequent return filed after an original return but before the filing deadline (including extensions) has expired. It fully replaces the original return for all purposes. Because Ricardo filed his corrected return on March 15, before the April 15 due date, it supersedes rather than amends his original filing.

90. A — Form 8275-R, Regulation Disclosure Statement, is used specifically to disclose a return position that is contrary to a Treasury regulation. Form 8275 is used for positions not contrary to a regulation. Proper disclosure on the correct form can help the taxpayer avoid certain accuracy-related penalties under §6662 if the position has a reasonable basis.

91. C — Form 4868 grants an automatic extension of time to file, typically six months, but it does not extend the time to pay any tax owed. Payment is still due by the original filing deadline, and interest, plus possibly the failure-to-pay penalty, accrues on any unpaid balance from that original due date forward.

92. D — U.S. citizens or residents whose tax home and abode are outside the United States and Puerto Rico on the regular due date receive an automatic 2-month extension to file and pay, moving the deadline to June 15. No form is required, though interest still accrues on unpaid tax from April 15.

93. C — Under §7508, service members serving in a designated combat zone receive a suspension of filing and payment deadlines for the entire period of qualifying service, plus 180 days after leaving the combat zone. This suspension also extends the time for other actions, such as filing claims for refund, during the combined period.

94. B — When a taxpayer is declared mentally incompetent, the court-appointed guardian or other fiduciary is authorized to sign the return on the taxpayer's behalf, signing in a representative capacity and indicating their title or relationship. This ensures the return is validly executed despite the taxpayer's inability to sign for themselves under IRS filing rules.

95. D — When no executor or administrator has been appointed, a surviving relative may sign the deceased taxpayer's final return, writing 'filing as surviving relative' or similar language, in the signature area. This allows the final return to be properly filed even without formal court appointment of a personal representative for the decedent's estate.

96. A — A taxpayer whose spouse died may use Qualifying Surviving Spouse status for the two tax years following the year of death, provided they remain unmarried, maintain a home for a dependent child, and pay more than half the household costs. Since Patricia's spouse died in 2024, she qualifies for both 2025 and 2026.

97. B — On a joint return, both spouses' signatures on the return itself serve as authorization for splitting the refund among multiple accounts, including accounts held individually rather than jointly. Because both signatures constitute consent to the elected allocation on Form 8888, no separate notarized document or independent additional filing by each spouse is required.

98. C — Taxpayers should retain records supporting income, deductions, and credits for as long as they may be needed to substantiate a return item, generally at least until the assessment statute of limitations expires, typically 3 years, but longer for items like unreported income exceeding 25%, bad debts, or worthless securities, which extend the period.

99. D — Under §6060, a person employing income tax return preparers must retain a record, generally a list, of the preparers employed during the preceding year and must make that list available to the IRS upon request. This obligation is separate from and in addition to each individual preparer's own §6107 recordkeeping duty.

100. A — A firm applies for an EFIN once through the IRS e-Services e-file application, undergoing a suitability check that may include a credit and criminal background review. Unlike the PTIN, the EFIN generally does not require annual renewal, though the IRS monitors the firm's e-file activity and may revoke the EFIN for noncompliance.