PRACTICE EXAM 33: 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. Which form must be filed to apply for enrollment to practice before the IRS as an enrolled agent, and with which IRS office is it filed?

A. Form 2848, filed with the IRS Independent Office of Appeals
B. Form 56, filed with the IRS Office of Chief Counsel
C. Form 8821, filed with the IRS Return Preparer Office
D. Form 23, filed with the IRS Return Preparer Office

2. During review of an application for enrollment, §10.5 permits the Director of the Return Preparer Office to investigate which aspect of the applicant?

A. The applicant's tax compliance history and record of personal conduct
B. The applicant's personal investment portfolio and retirement savings
C. The applicant's college transcripts and undergraduate grade point average
D. The applicant's social media activity over the preceding decade only

3. Marisol Undset is issued her enrollment card in the same year her first three-year CE cycle begins. Under §10.6(e), how is she treated for continuing education purposes during that initial cycle?

A. She must still complete the full 72-hour requirement despite her late start
B. She is exempt from the continuing education requirement for that cycle
C. She must complete CE hours prorated by the number of months enrolled
D. She must complete double the standard ethics-hour requirement instead

4. Thaddeus Merriam completes an IRS-approved continuing education course. Under §10.6, which information must the sponsor's certificate of completion identify?

A. The instructor's personal PTIN number and home state bar admission
B. The sponsor's projected annual revenue generated from the course
C. The sponsor's IRS-assigned sponsor number and the program number
D. A notarized signature obtained directly from the IRS Commissioner

5. Elena Castellanos completes 90 continuing education hours in year one of her three-year cycle, 18 hours above what that year required. Under §10.6, what happens to those excess hours?

A. They may not be carried forward to satisfy a later year or cycle
B. They automatically reduce her required ethics hours in the next year
C. They convert into elective credit toward a future EA exam waiver
D. They may be transferred to another enrolled agent within her firm

6. Which form does an enrolled agent file to renew enrollment to practice before the IRS?

A. Form 23
B. Form W-12
C. Form 8554
D. Form 2848

7. A tax return preparer applying for or renewing a Preparer Tax Identification Number must file which form with the IRS?

A. Form 8554
B. Form 23
C. Form 56
D. Form W-12

8. David Okonkwo signs a return taking a position not clearly supported by existing authority, but he adequately discloses that position on the return itself. Under §10.34(a), what standard must the position satisfy?

A. A realistic possibility of success standard if the matter were litigated
B. A reasonable basis standard, the lowest threshold that avoids frivolousness
C. A more-likely-than-not standard requiring majority support on the merits
D. A substantial authority standard identical to an undisclosed position

9. Sarah Bellweather takes a tax return position for a client without disclosing it anywhere on the return. Under §10.34(a), what standard must this undisclosed position meet?

A. A reasonable basis standard, identical to a disclosed position
B. A substantial authority standard supporting the position taken
C. A written opinion letter issued by an independent tax attorney
D. Written concurrence obtained from the IRS national office

10. Under §10.34(b), a practitioner is prohibited from advising a client to submit which of the following to the IRS?

A. A document, affidavit, or other paper that is frivolous
B. A document that includes the client's Social Security number
C. A document that has been notarized by a licensed notary
D. A document prepared using commercial tax preparation software

11. Renata Vasquez, an enrolled agent, is asked to represent a client in a highly technical international tax matter outside her prior experience. Under §10.35, what must she do to remain compliant?

A. Permanently decline every future engagement involving international matters
B. Immediately refer the client to IRS Chief Counsel for a ruling
C. Charge a reduced fee that reflects her limited subject expertise
D. Gain the necessary knowledge, consult a qualified colleague, or decline

12. Thomas Ridgeway previously represented Client A in a dispute against Client B, and Client B now wants to hire him for an unrelated matter. Under §10.29, what must happen before Ridgeway accepts the new engagement?

A. Nothing, since past representation of an adversary never creates a conflict
B. He must observe a mandatory two-year cooling-off period beforehand
C. He must reasonably believe competent representation is possible and obtain written informed consent
D. He must obtain prior written approval from the Office of Professional Responsibility

13. Bianca Feldstein, a practitioner, holds a significant personal investment in a company that is also her client. Under §10.29, how is this personal financial interest treated?

A. Not a conflict, because personal investments are exempt under §10.29
B. A conflict only once the investment exceeds fifty thousand dollars
C. A conflict only if the client discloses the investment first
D. A conflict of interest subject to the same consent and waiver procedure

14. Under the definitions in §10.2 of Circular 230, the term 'practitioner' refers to which of the following?

A. Any individual described in §10.3 as eligible to practice before the IRS
B. Only attorneys who have been formally admitted to a state bar

C. Any individual who prepares a return for compensation, regardless of credential
D. Only individuals directly employed by the IRS Office of Chief Counsel

15. An individual who is not enrolled to practice before the IRS wants to represent a taxpayer in one specific, particular matter. Under §10.7(c), how may this representation be authorized?

A. It is never permitted under any circumstance whatsoever
B. The Director of the Return Preparer Office may authorize a special appearance
C. Any IRS revenue agent may verbally approve it during an audit
D. The taxpayer's signature alone on Form 2848 is sufficient authorization

16. Under §10.2 of Circular 230, the definition of 'return' for purposes of the regulations includes which of the following?

A. Only original Form 1040 filings, excluding any later amendments
B. Only returns that were filed electronically through IRS e-file
C. An amended return or claim for refund or credit, in addition to an original return
D. Only business entity returns, excluding individual income tax returns

17. Corbin Landry, an enrolled agent facing a Circular 230 complaint, wants to explore resolving the matter without a full contested hearing. Under section 10.65, which statement about settlement conferences is correct?

A. Settlement conferences are prohibited once OPR has filed a formal complaint with the ALJ.
B. The parties may confer to settle the case at any time before or during the proceeding, and any agreement must be reduced to a signed stipulation.
C. Settlement conferences may occur only after the ALJ has already issued a final decision on the merits.
D. A settlement conference automatically stays the running of any sanction previously imposed on the practitioner.

18. Diane Okafor's Circular 230 disciplinary hearing is scheduled before an Administrative Law Judge. Under section 10.66, what is the default rule regarding public access to the hearing?

A. Hearings are always open to the public and press, with no exceptions permitted under any circumstance.
B. Hearings are streamed publicly online, and the transcripts remain permanently sealed from public view.
C. Hearings are private and closed to the public unless the practitioner submits a written request that it be public.
D. Hearings are public only when OPR provides written consent before the scheduled hearing date.

19. Practitioner Renata Silva failed to file a timely answer to OPR's complaint, and the ALJ entered a decision by default. Under section 10.71, what must the ALJ's decision on default contain?

A. Only the sanction imposed, since the underlying facts are automatically stipulated by both parties involved.
B. A referral to the Treasury Appellate Authority for a full evidentiary hearing before any sanction takes effect.
C. A summary of OPR's investigative file without any independent findings made by the ALJ.
D. Findings of fact based on the complaint's allegations, deemed admitted, and the sanction the ALJ determines is appropriate.

20. After filing a complaint against practitioner Hector Delgado, OPR discovers additional facts supporting a related charge arising from the same course of conduct already alleged. Under section 10.72, how may OPR proceed?

A. OPR may move to amend the complaint to add the additional charge, generally requiring the ALJ's leave once an answer has been filed.
B. OPR must dismiss the existing complaint entirely and refile a new one covering all charges together.
C. OPR may add the charge informally by letter to the practitioner without any ALJ involvement.
D. OPR is barred from adding any charge not identified in the original complaint, regardless of timing.

21. The Treasury Appellate Authority affirmed the ALJ's suspension of practitioner Lauren Brooks. Believing the Authority overlooked controlling precedent, what may Lauren do under section 10.77?

A. File a petition for reconsideration with the Treasury Appellate Authority within the prescribed time, identifying the specific error alleged.
B. File a new, separate disciplinary complaint against OPR alleging procedural misconduct in the original case.
C. Request that the ALJ who originally heard the case reopen the record for additional testimony.
D. Appeal directly to a United States district court without first seeking review at the administrative level.

22. Enrolled agent Ottoline Faraday receives a two-year suspension under Circular 230. Under section 10.78, what happens to her status on the enrollment roster during that period?

A. Her name is permanently removed from the roster, identical to the treatment given a disbarred practitioner.
B. She remains listed on the roster but is annotated as suspended and is ineligible to practice before the IRS during the term.
C. Her enrollment cycle automatically restarts, giving her a fresh renewal date once the suspension ends.
D. The roster listing is deleted entirely, but the deletion is reversed automatically the day the suspension expires.

23. Following practitioner Trevor Ashworth's disbarment, what does section 10.80 require the IRS to do regarding notice of the sanction?

A. Notify only Trevor's current clients by certified mail, with no broader public disclosure required.
B. Keep the disbarment confidential unless a third party specifically requests the information in writing.
C. Notify state licensing boards exclusively, without any notice to the general public or IRS personnel.
D. Give notice of the disbarment, including publication in the Internal Revenue Bulletin, so interested parties are informed.

24. Five years after disbarment, practitioner Isaac Feldman files a petition for reinstatement. Beyond satisfying the waiting period, what must Isaac substantively demonstrate under section 10.81?

A. That he has secured a written recommendation from at least three currently enrolled agents in his area.

B. That his original disbarment resulted from a procedural error rather than an actual Circular 230 violation.

C. That his reinstatement would not be contrary to the public interest, considering his conduct since the disbarment.

D. That the IRS employee who originally reported him is no longer employed by the agency.

25. OPR censures practitioner Gwen Alvarado for a Circular 230 violation rather than suspending or disbarring her. Which statement about censure is accurate?

A. Censure automatically removes Gwen from the enrollment roster for a minimum of six months.

B. Censure prohibits Gwen from practicing before the IRS for the remainder of the calendar year.

C. Censure is the mildest sanction, leaves Gwen eligible to practice, though conditions may still attach to her future conduct.

D. Censure can only be imposed if OPR simultaneously imposes a monetary penalty under section 10.50.

26. OPR determines that practitioner Cole Whitfield's violation warrants a monetary penalty under section 10.50(c). Which statement correctly describes how this penalty may be applied?

A. A monetary penalty may never be combined with any other sanction under section 10.50, and it always stands alone.

B. A monetary penalty may be imposed in addition to, or instead of, another sanction, and may also reach a knowing employer.

C. A monetary penalty is capped by statute at the amount of the practitioner's most recent annual PTIN renewal fee.

D. A monetary penalty may be assessed only against a practitioner who has already been disbarred in an earlier proceeding.

27. Practitioner Yolanda Reyes files a timely answer to OPR's complaint but responds only with a general statement that she 'denies everything.' Under section 10.64, what is the consequence of this approach?

A. The general denial is fully sufficient, and the case proceeds to hearing with all allegations automatically contested.

B. The answer is treated as a request for a settlement conference rather than a substantive response.

C. OPR must immediately dismiss the complaint because a general denial cannot be evaluated on its merits.

D. Allegations not specifically and separately admitted or denied may be deemed admitted, since a general denial does not satisfy section 10.64.

28. Practitioner Devon Marsh believes OPR's complaint fails to allege facts sufficient to state a Circular 230 violation. Under section 10.68, what is his appropriate procedural avenue?

A. File a written motion, such as a motion to dismiss, with the ALJ, who has authority to rule on such requests.

B. Wait until the hearing concludes and raise the argument for the first time during closing statements.

C. Contact the Treasury Appellate Authority directly, bypassing the ALJ, to seek dismissal before any hearing occurs.

D. File an informal complaint against the OPR attorney assigned to the case with the local bar association.

29. A key witness in OPR's case against practitioner Simone Pruitt will be unavailable to testify at the scheduled hearing due to a documented medical condition. Under section 10.73, what option does this create?

A. The parties, or the ALJ, may arrange for the witness's testimony to be taken by deposition for use at the hearing.

B. The hearing must be permanently cancelled, and OPR is required to refile the complaint entirely from scratch.

C. The witness's prior written statement automatically becomes inadmissible the moment unavailability is documented.

D. The ALJ must dismiss the charges relying on that witness's testimony without any substitute procedure available.

30. In the disciplinary proceeding against practitioner Aaron Kowalski, his counsel seeks documents from OPR's investigative file that are relevant to the charges. Under section 10.74, what governs this request?

A. Discovery is entirely unavailable in Circular 230 proceedings, and each party relies solely on its own evidence.
B. Aaron is automatically entitled to OPR's complete investigative file, with no relevance limitation whatsoever.
C. Limited discovery is available, and the ALJ may order production of documents relevant to the case upon request.
D. Discovery requests may only be submitted after the ALJ has already issued a final decision.

31. Practitioner Bianca Torres has been disbarred under Circular 230. Under section 10.79, which statement correctly describes the scope of the restriction on her going forward?

A. Bianca is barred from earning any income whatsoever, including from businesses entirely unrelated to tax matters of any kind.
B. Bianca may not prepare her own personal Form 1040 for the remainder of the disbarment period going forward.
C. Bianca is barred from holding any professional license in her state, not merely her IRS enrollment status.
D. Bianca is barred from practicing before the IRS in any capacity, though she may still prepare her own personal tax return.

32. Taxpayer Delia Ramirez authorized her enrolled agent, Baldric Solano, to represent her at an examination interview. The IRS examiner insists that Delia also personally attend the interview alongside Baldric. Absent a summons, is this permissible?

A. Yes, the IRS may always require the taxpayer's personal attendance once an audit begins
B. No, under §7521(c) the IRS generally may not require the taxpayer to accompany the representative
C. Yes, but only if the examination involves unreported income exceeding $10,000
D. No, but only if the taxpayer requests an office examination instead of a field examination

33. Revenue agent Priya notifies taxpayer Aldric Fenwick in advance that the IRS intends to audio record their upcoming interview. Under IRC §7521(a), what right does Marcus have regarding that recording?

A. He may request and receive a transcript or copy of the recording, at his own expense

B. He may prohibit the IRS from recording regardless of the advance notice given

C. He must pay for the recording equipment used during the interview

D. He may record only if the IRS representative agrees in writing beforehand

34. During an Appeals conference, taxpayer Grant Holloway asks the Appeals officer to rule that a specific Internal Revenue Code provision is unconstitutional and therefore inapplicable to his case. How should the Appeals officer respond?

A. Agree, because Appeals has full authority to invalidate any provision it finds unfair

B. Agree, but only after obtaining approval from the National Taxpayer Advocate

C. Decline, because Appeals lacks authority to rule on the constitutionality of tax statutes

D. Decline, but refer the constitutional question to the U.S. Tax Court for immediate ruling

35. Renata Vance has a valid Form 2848 on file naming her CPA, Daniel Osei, as her representative for the tax year under examination. What is the IRS generally required to do regarding correspondence about that matter?

A. Send all notices only to Priya, since taxpayers alone bear legal responsibility for response

B. Send notices to Daniel only if Priya specifically checks a box authorizing duplicate mail

C. Send notices to whichever party most recently contacted the IRS regarding the matter

D. Send copies of notices and communications to Daniel unless Priya has elected otherwise

36. After an examination concludes, taxpayer Wendell Grace's representative requests copies of the revenue agent's workpapers supporting the proposed adjustments. Under IRS disclosure practice, what generally happens?

A. Workpapers are automatically mailed to the representative within 10 days of closing the case

B. Workpapers are permanently confidential and can never be released under any circumstances
C. Workpapers may be obtained through a request, though some information may be redacted
D. Workpapers may only be obtained through a federal court subpoena during litigation

37. Beatrice Sung's proposed additional tax exceeds the threshold requiring a formal written protest rather than a small case request. Compared to a small case request, what must her formal protest include?

A. Only her name, address, and a signed statement that she disagrees with the findings
B. A statement of facts, the law or authority relied upon, and arguments supporting her position
C. Nothing additional is required, since both forms require essentially identical minimal information
D. Only copies of the original tax return and the examination report, with no narrative

38. Following an unagreed field examination, taxpayer Owen Castillo wants to discuss the disputed adjustments before formally proceeding to the Office of Appeals. What intermediate step is commonly available to him?

A. A conference with the examining agent's group manager to attempt informal resolution
B. A mandatory mediation session conducted by an outside arbitrator selected by the IRS
C. A direct appearance before the IRS Commissioner to request case dismissal
D. An automatic referral to U.S. Tax Court that bypasses any administrative review

39. Enrolled agent Petra Voss holds a validly executed Form 2848 for her client. The client unexpectedly passes away while the matter is still open with the IRS. What is the general effect on Petra's representation authority under that Form 2848?

A. Her authority continues indefinitely, with no further action required by anyone
B. Her authority generally terminates; a new Form 2848 from the estate's executor is required
C. Her authority automatically transfers to the client's surviving spouse without a new filing
D. Her authority continues for exactly one year following the date of death

40. At the start of an examination interview, taxpayer Simeon Blackwood asks the revenue agent for identification. What is the taxpayer generally entitled to receive?

A. Nothing at all, since IRS employee identities are treated as fully confidential
B. Only the agent's first name, as full names are withheld under agency policy
C. The agent's supervisor's contact information only, not the agent's own credentials
D. The agent's name and unique identification or badge number upon request

41. Taxpayer Harriet Vance's business records are maintained at her accountant's office in a different city from where she resides. Aside from geographic hardship, what is a valid basis for requesting the examination be transferred to that location?

A. Personal preference for the examiner assigned to the case in that city
B. A desire to delay the examination until after the statute of limitations expires
C. The location where the taxpayer's books and records are actually maintained
D. A request to have a different type of examination conducted entirely by mail

42. Isaiah Prescott's Schedule C was examined for two consecutive prior years, and both examinations resulted in no change to his reported tax liability on the same issue. If the IRS proposes to examine that identical issue again this year, what protection may apply?

A. None, since repetitive examination protection applies only to employment tax issues
B. Repetitive audit protection, which may allow the taxpayer to request the exam be discontinued
C. Automatic immunity from all future examinations of any issue for the following five years
D. A mandatory referral of the case directly to the Independent Office of Appeals

43. Client Rosalind Ferris wants her tax preparer to receive copies of her IRS notices and inspect her confidential tax information, but she does not want the preparer to have authority to represent her or advocate on her behalf before the IRS. Which form accomplishes this?

A. Form 2848, since it grants full representation authority along with information access
B. Form 656, since it is used to authorize disclosure of confidential offer information

C. Form 4506, since it authorizes release of complete transcripts to any named party
D. Form 8821, since it authorizes information access to the representative without granting representation authority

44. Enrolled agent Julius Renner advised his client on structuring a transaction later identified as a listed tax shelter. If the IRS later seeks that advice in an examination, what is true about §7525 privilege?

A. The privilege does not apply to written advice concerning a tax shelter
B. The privilege fully protects the advice because Julius is a federally authorized practitioner
C. The privilege applies equally in criminal and civil tax proceedings without limitation
D. The privilege extends automatically to any state tax proceeding involving the same client

45. Unenrolled preparer Camille Dubois prepared and signed a client's Form 1040. Under Circular 230, what is the extent of her representation authority regarding that specific return?

A. She may represent the client at every stage, including before the Office of Appeals
B. She may represent the client before revenue agents and customer service, but not Appeals
C. She may represent the client only if she also holds a state accounting license
D. She may represent the client in U.S. Tax Court but not before revenue agents

46. During an examination, the revenue agent asks taxpayer Nathaniel Ochoa to sign Form 872 extending the assessment statute of limitations. What is Nathaniel's status regarding this request?

A. He may decline, since signing the consent is voluntary rather than mandatory
B. He must sign, since the IRS may compel an extension whenever more time is needed
C. He may decline only if he has already filed a formal written protest
D. He must sign only if the examination is a field examination rather than office exam

47. Roberto Guzman contracts with a local repair company to fix storm damage on his personal residence for $950, and the contractor obtains a mechanic's lien on the property before the work is paid in full. The IRS had already filed a Notice of Federal Tax Lien against Roberto before the contractor's lien arose. Under IRC §6323(b)(7), how does the mechanic's lien rank against the previously filed NFTL?

A. The mechanic's lien is void because tax liens filed before any competing lien always take absolute priority regardless of amount

B. The mechanic's lien only prevails if the contractor also files a separate notice of lien with the county recorder's office

C. The mechanic's lien for residential repairs on a contract of $1,000 or less has priority over the earlier-filed NFTL

D. The mechanic's lien and the NFTL share equal priority, and any sale proceeds are split evenly between both lienholders

48. After the IRS approves Denise Whitfield's request for a monthly payment plan on her outstanding balance, which form does the IRS use to formally document and confirm the terms of the installment agreement, including the payment amount and due date?

A. Form 9465, Installment Agreement Request, which is only used to initially propose the agreement's terms

B. Form 433-F, Collection Information Statement, which lists the taxpayer's income, expenses, and assets

C. Form 12153, Request for a Collection Due Process Hearing, which confirms the agreement in writing

D. Form 433-D, Installment Agreement, which the taxpayer signs to confirm the agreed-upon payment terms

49. Anthony Reyes defaults on his monthly installment agreement by missing two consecutive payments. After receiving the IRS's notice of intent to terminate the agreement, Anthony quickly cures the default and contacts the IRS. Under IRS procedures, what is generally true about reinstating a defaulted installment agreement?

A. Once an agreement defaults for any reason, the taxpayer must reapply and undergo an entirely new financial review

B. A taxpayer may generally receive one reinstatement of a defaulted agreement without paying a new user fee, under certain conditions

C. Reinstatement is never permitted, and the taxpayer's only remaining collection option is an offer in compromise
D. The IRS automatically reinstates any defaulted agreement without notice as long as the taxpayer remains current going forward

50. Under IRC §6331(d), the IRS must send a notice at least 30 days before issuing a levy. Which of the following is a required content element of that pre-levy notice?

A. A complete list of every asset the IRS intends to levy, identified individually by account number
B. A written promise that the IRS will not levy retirement accounts or the taxpayer's personal residence
C. The exact date on which the IRS will physically seize and sell the taxpayer's real property
D. A statement of the amount owed and an explanation of the taxpayer's right to a CDP hearing

51. How does the IRS's initial notice and demand for payment under IRC §6303 differ from the Final Notice of Intent to Levy?

A. They are the same document; the IRS simply uses two different names for identical legal purposes
B. The notice and demand grants CDP rights, while the final notice merely requests voluntary payment
C. The notice and demand starts the collection process after assessment, while the final notice precedes levy and triggers CDP rights
D. The final notice must be issued before assessment, while the notice and demand may only follow a levy

52. Patricia Nolan owes federal back taxes and is due a refund from her state income tax return. Through what program can the IRS collect on Patricia's federal liability using her state tax refund?

A. The State Income Tax Levy Program, which allows states to offset a taxpayer's refund to satisfy a federal debt
B. The Federal Payment Levy Program, which only applies to federal payments such as Social Security benefits
C. The Automated Collection System, which requires the taxpayer's written consent before any refund can be intercepted

D. The Fresh Start Initiative, which is limited to withdrawing federal tax liens rather than collecting refunds

53. Gregory Chen argues that his employer-sponsored pension plan cannot be levied by the IRS because ERISA's anti-alienation provisions protect retirement funds from creditors. Is Gregory correct?

A. Yes, ERISA's anti-alienation clause fully shields all qualified retirement plans from any federal tax levy

B. No, federal tax levies are expressly excepted from ERISA's anti-alienation protections and can reach retirement funds

C. Yes, but only if Gregory is under age 59½ and would otherwise incur an early withdrawal penalty

D. No, but only IRAs may be levied while employer-sponsored qualified plans remain permanently off-limits to the IRS

54. The IRS levies the accounts receivable owed to Melissa Ortiz's small consulting business by a single client. How does this levy on accounts receivable typically operate compared to a levy on wages?

A. It is continuous, automatically attaching to every future invoice the client submits to Melissa for the next year

B. It requires a separate court order before any funds owed to Melissa's business may be seized by the IRS

C. It attaches only to retirement-related payments and excludes any ordinary business income owed to Melissa's company

D. It is a one-time levy that reaches only the amount owed at the moment the levy is served

55. Kevin Brantley's proposed installment agreement is rejected by the IRS, and he wants a fast administrative review without giving up his ability to later petition Tax Court on a different matter. Which appeal route is available for this specific rejection?

A. Collection Appeals Program, which allows expedited review of the rejected installment agreement but offers no judicial review

B. Collection Due Process, which is the only avenue available for an appeal of a rejected installment agreement

C. Innocent Spouse Relief, which addresses joint liability issues rather than disputes over payment plan approval
D. Audit Reconsideration, which reopens the underlying examination rather than reviewing collection alternative decisions

56. The IRS seizes and sells Wanda Fitzgerald's rental property to satisfy her unpaid tax liability. After the sale, how long does Wanda generally have to redeem the real property by paying the purchase price plus interest?

A. Wanda has no right of redemption once real property has been sold at an IRS seizure sale
B. Wanda has 30 days from the sale date to redeem the property before title fully transfers
C. Wanda has 180 days from the date of sale to redeem the seized real property
D. Wanda has one full year from the date of sale to redeem the seized real property

57. David Kowalski shares the same name as his father, against whom the IRS has filed an NFTL. A title search on David's own property mistakenly turns up his father's lien. What can David request from the IRS to clear up this confusion?

A. A certificate of non-attachment, confirming the lien does not attach to David's separately owned property
B. A certificate of discharge, which removes the lien from all of the father's property nationwide
C. A certificate of subordination, which moves the IRS lien behind David's mortgage lender's interest
D. A collection due process hearing, which is the only method to correct a lien naming error

58. Staff Sergeant Julia Ramirez is deployed to a designated combat zone while the IRS is actively attempting to collect an outstanding balance from her. What effect does her combat zone service have on the IRS's collection statute of limitations?

A. The collection statute continues to run normally, since combat zone service only affects filing deadlines, not collection
B. The collection statute is suspended for the period of her combat zone service plus 180 days afterward
C. The collection statute is permanently extended by exactly ten additional years regardless of deployment length

D. The collection statute is suspended only if Julia files a separate hardship request with the IRS

59. A county government assesses and files a real property tax lien against Harold Simmons's property for unpaid local property taxes. The IRS had filed an NFTL against Harold earlier that same year. Under IRC §6323(b)(6), how does the local real property tax lien rank?

A. The local lien is void because a properly filed federal tax lien always has priority over local government liens

B. The local lien only survives if the county obtains a court judgment before the property is sold at auction

C. The local real property tax and special assessment lien has priority over the earlier-filed federal tax lien

D. The local lien and the federal tax lien are combined and paid together as a single consolidated debt

60. After a hurricane leads to a federally declared disaster in her county, Yolanda Pierce receives an IRS notice postponing several time-sensitive deadlines, including certain collection-related actions. Under what authority does the IRS grant this relief?

A. IRC §6015, which provides relief only for joint filers seeking innocent spouse determinations after a disaster

B. IRC §6331(k), which merely pauses levy action while an installment agreement request is pending review

C. IRC §6343, which authorizes the release of a levy that is causing economic hardship to a taxpayer

D. IRC §7508A, which authorizes the IRS to postpone certain deadlines for taxpayers affected by a federally declared disaster

61. On Priya Nadkarni's individual return, she claimed a charitable deduction for donated property valued at 250% of its correct value, resulting in an underpayment. Under §6662(h), what penalty rate applies to the portion attributable to this gross valuation misstatement?

A. 20% of the underpayment attributable to the misstatement

B. 30% of the underpayment attributable to the misstatement

C. 40% of the underpayment attributable to the misstatement

D. 75% of the underpayment attributable to the misstatement

62. Desmond Ashworth participated in a reportable transaction generating a tax understatement but did not disclose the transaction on Form 8886 as required. Under §6662A(c), what accuracy-related penalty rate applies to this undisclosed reportable transaction understatement?

A. 30% of the reportable transaction understatement
B. 20% of the reportable transaction understatement
C. 40% of the reportable transaction understatement
D. 75% of the reportable transaction understatement

63. Enrolled agent Fenella Adeyemi is advising a client who understated income due to intentional concealment. The client argues reasonable cause under §6664(c) should abate any penalty. Which statement correctly addresses this argument?

A. Reasonable cause under §6664(c) fully abates the civil fraud penalty once established
B. Reasonable cause applies equally to §6662 and §6663 penalties in all cases
C. Reasonable cause abates fraud penalties only if a paid preparer signed the return
D. It applies to accuracy-related penalties, not fraud, since intent negates reasonable cause

64. A practitioner requests abatement of interest for a client, arguing the IRS took an unreasonable amount of time completing a routine audit adjustment after all necessary information had already been provided. Which Code section provides the basis for this type of interest abatement?

A. Section 6404(b)
B. Section 6404(e)
C. Section 6404(g)
D. Section 6621(d)

65. A corporation had an underpayment of tax for one period and an overpayment for an overlapping period at the same time. Under §6621(d), what is the effect on the interest rate applicable to these offsetting amounts?

A. The higher of the two applicable interest rates applies to both amounts

B. Interest is waived entirely on both the overpayment and underpayment

C. The underpayment interest rate is simply reduced by 2 percentage points

D. A net interest rate of zero applies to the equal, overlapping amounts

66. A taxpayer willfully failed to report significant offshore income for several years and now wants to come into compliance while minimizing criminal prosecution risk. Which IRS program is specifically designed for taxpayers whose noncompliance was willful, rather than the Streamlined Filing Compliance Procedures reserved for non-willful conduct?

A. The Streamlined Domestic Offshore Procedures, since willful and non-willful taxpayers qualify equally

B. The IRS Criminal Investigation Voluntary Disclosure Practice

C. A standard offer in compromise based on doubt as to collectibility

D. An automatic penalty abatement request citing reasonable cause

67. A small business with average annual gross receipts under the applicable statutory threshold filed several Forms 1099 late. Regarding the annual maximum penalty under §6721, how does this business's cap compare to that of a larger filer?

A. Small businesses are exempt entirely from any annual maximum cap

B. Both small and large filers face an identical maximum penalty cap

C. Small businesses qualify for a reduced annual maximum penalty cap

D. Small businesses face a higher cap to encourage electronic filing

68. A payroll manager willfully collected employees' withheld income and FICA taxes but used the funds for company operating expenses instead of remitting them to the IRS. Beyond the civil trust fund recovery penalty, this conduct exposes the individual to which criminal charge?

A. A felony under §7202 for willfully failing to collect, account for, and pay over tax

B. A misdemeanor under §7203 for willfully failing to file a return

C. A felony under §7206(1) for perjury on a signed return

D. No criminal exposure exists once a civil penalty is assessed

69. An individual attempted to obstruct an IRS audit by threatening a revenue agent and destroying subpoenaed records, conduct that did not fit neatly into a specific fraud or evasion statute. Which provision covers this type of corrupt interference with tax administration?

A. Section 6700, the abusive tax shelter promoter penalty

B. Section 7212(a), the corrupt or forcible interference provision

C. Section 6701, the aiding and abetting understatement penalty

D. Section 7206(2), the aiding in preparation of a false return

70. How does a "listed transaction" differ from a "reportable transaction" under the regulations issued pursuant to §6011?

A. Listed transactions apply only to corporations, and reportable ones only to individuals

B. The two terms are interchangeable and carry identical disclosure consequences

C. Reportable transactions are a narrower subset the IRS identifies by name

D. A listed transaction is an IRS-named subset within the broader reportable-transaction category

71. A tax preparer files Form 8275 with a client's return to disclose a position that lacks substantial authority. What is the primary effect of this adequate disclosure?

A. It guarantees the disclosed position will be sustained if challenged

B. It eliminates the taxpayer's need for a reasonable basis for the position

C. It can protect against the substantial understatement penalty component if the position has a reasonable basis

D. It automatically extends the assessment statute of limitations on that item

72. A taxpayer requests that the IRS abate interest simply because she believes the underlying tax assessment is incorrect and intends to dispute it. Under §6404(b), how should this request be treated?

A. It must be denied; interest cannot be abated merely because liability is disputed
B. It must be granted automatically while the dispute remains pending
C. It qualifies for abatement under the unreasonable-delay provision instead
D. It qualifies for equitable relief processing under §6015(f)

73. An individual taxpayer's understatement of tax was $4,200, which was also less than 10% of the tax required to be shown on the return. How does this affect exposure to the substantial understatement component of the accuracy-related penalty?

A. The penalty still applies, but only at a reduced 10% rate
B. The penalty applies because any understatement over $4,000 is per se substantial
C. The penalty applies only if the position also lacked reasonable cause
D. No penalty applies; the amount is below the greater of $5,000 or 10%

74. Before receiving any notice of examination, Yolanda Prescott filed an amended return correcting an understatement on her original filing. How does this qualified amended return generally affect her exposure to the accuracy-related penalty?

A. It has no effect, because the original filing already triggered exposure
B. It can reduce or eliminate the understatement used to compute the accuracy-related penalty, since the correction preceded IRS contact
C. It automatically triggers the civil fraud penalty for the original error
D. It extends the assessment statute of limitations by three years

75. A whistleblower's information led to proceeds collected below the $2 million threshold required for the mandatory award program. Under which provision may the IRS still make a discretionary award, and how does it differ from the mandatory program?

A. Section 7623(b), which is capped at 15% with no discretion allowed
B. Section 6700, which applies only to abusive shelter promoters
C. Section 7623(a), allowing a discretionary award of proceeds collected, unlike the mandatory awards required under §7623(b)
D. Section 7433, which provides civil damages rather than an award

76. In a Tax Court proceeding, a taxpayer introduced credible evidence on a factual issue, maintained required records, and fully cooperated with reasonable IRS requests. Under §7491(a), what is the effect on the burden of proof for that issue?

A. The burden of proof shifts to the IRS on that factual issue

B. The burden remains permanently with the taxpayer regardless of cooperation

C. The burden shifts only in criminal tax proceedings, not civil ones

D. The burden shifts automatically with no evidentiary requirement at all

77. Renata Ibsen seeks innocent spouse relief four years after the IRS began collection activity against her. She does not qualify under §6015(b) or (c) because those elections were not timely made. Can she still pursue equitable relief under §6015(f)?

A. Yes, equitable relief under §6015(f) is not bound by the two-year election deadline

B. No, because every form of innocent spouse relief shares one identical deadline

C. No, equitable relief itself was eliminated entirely after 2013

D. Yes, but only if she simultaneously files for bankruptcy protection

78. During a civil examination, a revenue agent observes several "badges of fraud," including a consistent pattern of unreported cash income and destroyed records. What is the procedurally correct next step for the civil examiner?

A. The agent must immediately assess the civil fraud penalty unilaterally

B. The agent must suspend the civil examination and refer the matter to Criminal Investigation before continuing

C. The agent may impose a maximum statutory fine directly on the spot

D. The agent must dismiss the case entirely for lack of jurisdiction

79. An attorney representing a client under criminal tax investigation retains an accountant to help analyze complex financial records, with the accountant working under the attorney's direction. What is the purpose of structuring this as a Kovel engagement?

A. To qualify the accountant for the federal accountant-client privilege under §7525

B. To shift the burden of proof in the matter to the government

C. To convert the retained accountant into a licensed enrolled agent

D. To extend attorney-client privilege to the accountant's communications, since privilege does not otherwise attach to routine accounting work

80. An enrolled agent provided tax advice to a client that the client now wants kept confidential from the government. In which type of proceeding does the federally authorized tax practitioner privilege under §7525 NOT apply?

A. A civil audit conducted before the Internal Revenue Service

B. A civil matter before the IRS Independent Office of Appeals

C. Any criminal tax proceeding, in any forum, at any stage

D. A civil summons enforcement proceeding in federal district court

81. The IRS issued an erroneous refund of $12,000 to a taxpayer who did nothing to cause or contribute to the error. Regarding interest on the erroneous refund under §6404(e)(2), what is the general rule for refunds of $50,000 or less?

A. The IRS may abate interest before demand, since the taxpayer caused no fault or error

B. Interest accrues from the date of the original refund no matter the cause

C. The taxpayer is permanently liable for all interest with no abatement possible

D. The rule described applies only to refunds exceeding $50,000

82. A large C corporation had a substantial underpayment that remained outstanding for an extended period after the applicable threshold date. Under §6621(c), how is the interest rate on this underpayment affected compared to the standard corporate rate?

A. It is reduced by 2 percentage points as a compliance incentive

B. It remains identical to the standard corporate underpayment rate

C. It is capped regardless of the underpayment's size or duration

D. It is increased by an additional 2 percentage points, sometimes called "hot interest"

83. The IRS levied on a bank account believing the funds belonged to a delinquent taxpayer, but the account actually belonged solely to the taxpayer's business partner, who had no tax liability of his own. What remedy allows the partner to recover the wrongfully levied funds?

A. A Form 8379 injured spouse allocation claim filed with the IRS
B. An offer in compromise submitted on the partner's own liability
C. A civil action for wrongful levy brought under §7426
D. A whistleblower claim for award filed under §7623

84. Which of the following is a proper basis for the IRS to abate an assessment under its general abatement authority in §6404(a)?

A. The taxpayer simply disagrees with the dollar amount assessed
B. The assessment exceeds correct tax, is time-barred, or was erroneously made
C. The taxpayer requests abatement for personal hardship reasons alone
D. The assessment involves a civil fraud penalty under §6663

85. Meridian Tools, Inc., a calendar-year C corporation, wants an automatic extension of time to file its Form 1120. Under §6081, which form must it file, and to what date does the extension move the filing deadline?

A. Form 7004; extended due date of October 15
B. Form 4868; extended due date of October 15
C. Form 7004; extended due date of September 15
D. Form 8809; extended due date of October 15

86. The Whitfield Family Trust operates on a calendar year. By what date must its Form 1041, U.S. Income Tax Return for Estates and Trusts, be filed absent an extension, and to what date does a properly filed Form 7004 extend that deadline?

A. March 15 original; extended to September 15
B. April 15 original; extended to October 15
C. April 15 original; extended to September 30
D. April 15 original; extended to November 15

87. Preparer Rosalind Vance is setting up her new firm to transmit returns electronically. Which statement correctly distinguishes the EFIN from the PTIN?

A. The PTIN authorizes transmission at the firm level, while the EFIN identifies the individual
B. The two numbers are interchangeable identifiers used for the same registration purpose
C. The EFIN identifies the individual preparer, while the PTIN authorizes firm-level transmission
D. The EFIN authorizes firm-level transmission, while the PTIN identifies the individual preparer

88. Preparer Dante Ruiz electronically transmits a Form 1040 on April 15, and it is rejected by MeF that same day for a data error. Under IRS perfection period rules, how many calendar days does he generally have to correct and retransmit the return for it to still be considered timely filed?

A. 3 calendar days
B. 5 calendar days
C. 10 calendar days
D. 30 calendar days

89. Tax professional Selina Brandt holds a signed Form 8821 from her client but no Form 2848. Which filing-process action is she prohibited from taking on the client's behalf based solely on that authorization?

A. Requesting a copy of the client's prior-year tax transcript
B. Reviewing the client's account records with the IRS
C. Receiving copies of IRS notices sent to the client
D. Electronically signing and filing the client's return as their representative

90. Preparer Solomon Vance belongs to a recognized religious group that is conscientiously opposed to filing electronically. Which of the following correctly describes his options under the §6011(e) e-file mandate?

A. No exceptions exist; every preparer above the threshold must e-file regardless of circumstance
B. He may paper file only returns for clients who also object on religious grounds
C. He qualifies for a religious-objection exception and may paper file the affected returns
D. He must request a hardship waiver annually, which is granted only to first-year preparers

91. Which best describes the Fed/State e-file program that many states participate in?

A. States must maintain entirely separate transmission systems unrelated to the federal MeF platform
B. Federal and state returns transmit together in one session on the accepted federal data
C. Only federal returns may be transmitted electronically; state returns always require separate paper filing
D. States automatically receive a copy of every federal return regardless of taxpayer consent

92. Client Colette Marsh wants to electronically file an amended return. For which tax years can Form 1040-X generally be submitted electronically, assuming the original return was e-filed?

A. The current tax year and the two prior tax years
B. Only the current tax year, all older years require paper filing
C. Any year within the taxpayer's lifetime record-retention period
D. Only years for which the taxpayer owes additional tax

93. A taxpayer mails a paper Form 1040 through the U.S. Postal Service on April 15, properly addressed and postmarked that same date, but the IRS does not actually receive and process the return until April 22. Under the §7502 timely-mailing rule, is the return considered timely filed?

A. No, only electronically filed returns can ever be considered timely under current law
B. No, the IRS's actual receipt date always controls, regardless of any postmark date shown
C. Yes, but only if the return was sent using registered mail specifically for this purpose

D. Yes, a timely postmark from an authorized delivery method is treated as the filing date, regardless of the later actual receipt date

94. Taxpayer Genevieve Okafor makes an estimated tax payment using IRS Direct Pay. What should she retain as proof that the payment was successfully submitted?

A. The confirmation number issued at the end of the transaction
B. A canceled paper check mailed separately as backup
C. Nothing; the IRS automatically emails a receipt to all users
D. A screenshot is required because no confirmation number is issued

95. Preparer Tobias Lindqvist is completing Form 8867 for a client claiming Head of Household filing status. Which due-diligence step is specific to verifying that status?

A. Confirming the client's total wages match the Form W-2
B. Verifying the client's bank account for direct deposit purposes
C. Confirming the client paid more than half the home's upkeep costs
D. Verifying the client's employer withheld the correct amount of tax

96. Preparer Yolanda Marsh transmits a return for client Ezra Holt, and it is rejected because his SSN was already used as a primary taxpayer SSN on another e-filed return that tax year. Ezra insists he has not filed elsewhere. What should Yolanda do?

A. Resubmit the identical return electronically; duplicate-SSN rejections typically resolve on the second attempt
B. Paper file the return and advise Ezra to complete Form 14039, Identity Theft Affidavit
C. Change Ezra's SSN entry slightly so that the return transmits successfully this time
D. Wait 12 months before taking any further action on the rejected return

97. An Authorized IRS e-file Provider repeatedly transmits returns containing fabricated withholding figures, a pattern separate from any individual practitioner's Circular 230 conduct. Under the e-file program's own administrative rules, what action may the IRS take specifically against that provider's EFIN?

A. Nothing; only Circular 230 sanctions against individual practitioners are ever available

B. Only a state licensing board, not the IRS, may act against the provider's EFIN

C. The IRS may suspend or revoke the provider's e-file privileges under the e-file program's own sanction rules

D. The provider's EFIN can only be affected through a formal Tax Court proceeding

98. Corporate officer Layla Farouk must authorize electronic filing of her company's Form 1120S. Which form serves the same signature-authorization function for that business e-file as Form 8879 serves for individual returns?

A. Form 8879-S, IRS e-file Signature Authorization for Form 1120S

B. Form 2848, Power of Attorney and Declaration of Representative

C. Form 8821, Tax Information Authorization for third-party disclosure

D. Form 4506-T, Request for Transcript of Tax Return

99. Within the IRS e-file system, which participant role is responsible for actually transmitting the electronic return data to the IRS's processing system, as distinct from the role that originates the return with the taxpayer?

A. Electronic Return Originator (ERO), who works directly with the taxpayer

B. Reporting Agent, who handles payroll deposits on the client's behalf

C. Certifying Acceptance Agent, who verifies taxpayer identity for ITINs

D. Transmitter, who sends completed return data to the IRS's system

100. Client Desmond Achebe did not pay enough estimated tax throughout the year and owes a balance when he files. Which form is used to calculate whether he owes a penalty for underpayment of estimated tax, and to figure the penalty amount?

A. Form 4868

B. Form 2210

C. Form 8888

D. Form 9465

Answer Key and Explanations — Practice Exam 33, Part 3: Representation, Practices, and Procedures

1. D — Circular 230 §10.5(a) requires an applicant for enrollment to practice before the IRS to file Form 23, Application for Enrollment to Practice Before the Internal Revenue Service, with the IRS Return Preparer Office. Forms 2848, 56, and 8821 serve entirely different purposes — power of attorney, fiduciary notice, and tax information authorization, respectively — none of which govern initial enrollment.

2. A — Under §10.5(b), the Director of the Return Preparer Office may make reasonable inquiries into an applicant's qualifications, which includes reviewing tax compliance history and personal conduct to assess good character and reputation. Circular 230 does not authorize review of academic transcripts, personal investments, or unrelated social media activity as part of the enrollment investigation.

3. B — Section 10.6(e) waives the continuing education requirement for the enrollment cycle in which a person first becomes enrolled, since that partial cycle would otherwise create an unfair proration burden. Priya owes no CE hours for that initial cycle but must meet the full requirement, including annual minimums, beginning with her next complete three-year cycle.

4. C — Section 10.6 requires an approved CE sponsor to furnish each attendee a certificate of completion identifying the sponsor's IRS-assigned sponsor number and the specific program number, along with the program title, date, and hours awarded. Instructor credentials, sponsor revenue, and IRS Commissioner signatures are not elements Circular 230 requires on the certificate.

5. A — Circular 230 §10.6 prohibits carrying over continuing education hours earned in excess of what one year requires to satisfy a later year's or cycle's requirement. Elena's 18 excess hours are simply not credited toward future obligations; they cannot reduce ethics hours, convert to exam credit, or transfer to another practitioner.

6. C — Form 8554, Application for Renewal of Enrollment to Practice Before the Internal Revenue Service, is the form enrolled agents file to renew their enrollment under §10.6. Form 23 is used for initial enrollment, Form W-12 is the PTIN application, and Form 2848 is a power of attorney, none of which renew enrollment status.

7. D — Form W-12, IRS Paid Preparer Tax Identification Number Application and Renewal, is filed to apply for or renew a PTIN. Form 8554 renews enrolled agent enrollment, Form 23 applies for initial enrollment, and Form 56 notifies the IRS of a fiduciary relationship — none of which relate to PTIN issuance.

8. B — Under §10.34(a), a tax return position that is adequately disclosed need only meet the reasonable basis standard, a relatively low threshold that is nonetheless higher than merely non-frivolous. The realistic-possibility, more-likely-than-not, and substantial-authority standards are all higher bars reserved for other contexts, such as undisclosed positions, understatement penalty avoidance, or written-advice standards under §10.37.

9. B — Section 10.34(a) requires that an undisclosed tax return position have substantial authority supporting it, a meaningfully higher standard than the reasonable basis test that applies once a position is disclosed. A written opinion letter or IRS national office concurrence is not itself the regulatory standard Circular 230 imposes on undisclosed positions.

10. A — Section 10.34(b) prohibits a practitioner from advising a client to submit a document, affidavit, or other paper to the IRS that the practitioner knows or should know is frivolous, or that contains a position lacking a reasonable basis. Including a Social Security number, obtaining notarization, or using software are not themselves prohibited under this provision.

11. D — Circular 230 §10.35 requires a practitioner to possess the necessary competence — knowledge, skill, thoroughness, and preparation — for a matter, or to acquire it, consult a qualified colleague, or decline the engagement. Renata is not required to permanently refuse international work, discount her fee, or automatically refer clients to Chief Counsel.

12. C — Section 10.29 treats successive representation of a former adverse party as a conflict of interest requiring the practitioner to reasonably believe competent, diligent representation is possible and to obtain the affected clients' informed consent, confirmed in writing within a reasonable time. Circular 230 imposes no automatic two-year waiting period or OPR pre-approval requirement.

13. D — Under §10.29, a conflict of interest exists whenever a practitioner's own personal, financial, or business interest could materially limit representation of a client, which includes holding an investment in a client company. No specific dollar threshold exempts smaller investments; the same reasonable-belief-and-informed-written-consent procedure applies regardless of the investment's size or materiality.

14. A — Circular 230 §10.2 defines 'practitioner' as any individual described in §10.3 as eligible to practice before the IRS, encompassing attorneys, CPAs, enrolled agents, enrolled retirement plan agents, and enrolled actuaries meeting applicable requirements. The definition is not limited to bar-admitted attorneys alone, uncredentialed compensated preparers, or employees of the IRS Office of Chief Counsel.

15. B — Section 10.7(c) allows the Director of the Return Preparer Office to authorize an individual who is not otherwise enrolled to represent a taxpayer in one particular matter through a special appearance, an exception to the general enrollment requirement. Such representation cannot be authorized verbally by a revenue agent or by a Form 2848 signature alone.

16. C — Circular 230 §10.2 defines 'return' broadly to include an amended return and a claim for refund or credit, not merely an original filing submitted to the IRS. The definition is not limited to paper-filed originals, electronically filed returns processed through IRS e-file, or business entity returns to the exclusion of individual income tax returns.

17. B — Under section 10.65, OPR and the practitioner may confer to settle a disciplinary case at any point before or during the proceeding. Any resulting agreement must be memorialized in a signed stipulation filed with the ALJ or the Treasury Appellate Authority; settlement is not barred once the complaint has been filed.

18. C — Section 10.66 provides that disciplinary hearings are private and closed to the public by default, unless the practitioner submits a written request that the hearing be conducted publicly instead. This default protects the practitioner's privacy while still allowing the practitioner to opt into a public hearing if they genuinely prefer that outcome.

19. D — Under section 10.71, a decision entered on default must set out findings of fact drawn from the complaint's allegations, which are deemed admitted by the failure to answer, along with the ALJ's determination of the appropriate sanction to impose. It is not a bare sanction order issued without any supporting factual findings at all.

20. A — Section 10.72 allows OPR to amend a complaint to add charges arising from the conduct already at issue in the pending matter; once the practitioner has answered, amendment generally requires the ALJ's leave. This mechanism is distinct from section 10.62's supplemental charges provision, which instead addresses separate conduct raised through an additional complaint.

21. A — Section 10.77 permits a party to petition the Treasury Appellate Authority itself for reconsideration of its own decision, filed within the prescribed period and specifying the alleged error, such as overlooked controlling precedent. It is not a vehicle for relitigating the underlying case or for bypassing the administrative appeal process entirely and going elsewhere.

22. B — Under section 10.78, a suspended practitioner's name stays on the enrollment roster but is annotated to reflect the suspension, and the practitioner is barred from practicing before the IRS for the term imposed. This differs from disbarment, underscoring that suspension is a temporary, not terminal, status affecting the practitioner's standing.

23. D — Section 10.80 requires the IRS to give notice of a disbarment or suspension to interested parties, including publication in the Internal Revenue Bulletin, so the sanction becomes a matter of public record. This publication serves a notice function, alerting the public and government offices, rather than operating as an additional punitive sanction against the practitioner.

24. C — Section 10.81 requires more than the passage of the waiting period; the petitioner must affirmatively show that reinstatement would not be contrary to the public interest, typically by demonstrating genuine rehabilitation and compliance since the disbarment occurred. The waiting period alone does not entitle a practitioner to automatic reinstatement without this additional showing.

25. C — Censure is the least severe Circular 230 sanction available; a censured practitioner remains eligible to practice before the IRS, unlike a suspended or disbarred practitioner facing more serious consequences. OPR may nonetheless attach conditions on the practitioner's future conduct as part of the censure, without stripping the practitioner's practice eligibility outright in the process.

26. B — Section 10.50(c) allows a monetary penalty to be imposed in addition to, or in lieu of, another sanction such as suspension or disbarment. The penalty may also be assessed against the practitioner's employer if the conduct occurred within the scope of employment and the employer knew or reasonably should have known.

27. D — Section 10.64 requires an answer to specifically admit or deny each allegation contained in OPR's complaint. A general, unspecific denial does not satisfy this requirement, and any allegation not specifically addressed and separately denied may be deemed admitted, narrowing the issues actually contested once the case eventually reaches a hearing before the ALJ.

28. A — Section 10.68 governs motions and requests in a Circular 230 proceeding, permitting a practitioner to file a written motion, such as a motion to dismiss for failure to state a claim, with the assigned ALJ. The ALJ has authority to rule on such motions before or during the scheduled hearing, as appropriate under the circumstances.

29. A — Section 10.73 permits depositions to preserve testimony when a witness cannot appear at the hearing, such as due to a documented medical illness preventing travel or testimony. The deposition, taken with proper notice to both parties, may then be used in place of live testimony so the proceeding is not delayed indefinitely while awaiting recovery.

30. C — Section 10.74 provides for limited discovery in disciplinary proceedings; the ALJ may order the production of documents relevant to the case upon a party's request, subject to the ALJ's ongoing oversight and reasonable limits. Discovery under Circular 230 is therefore neither unlimited nor entirely unavailable, reflecting the administrative rather than judicial nature of the forum.

31. D — Section 10.79 addresses the effect of disbarment: the practitioner may not practice before the IRS in any capacity while the disbarment remains in effect. This restriction governs representation of others before the IRS; it does not prevent the disbarred individual from separately preparing and filing her own personal tax return each year.

32. B — IRC §7521(c) generally prohibits the IRS from requiring a taxpayer to accompany an authorized representative during an interview, unless the IRS issues a formal administrative summons compelling the taxpayer's appearance. This protects the right to representation without forced personal attendance, regardless of the exam type or the amount of unreported income involved.

33. A — Under IRC §7521(a), when the IRS provides advance notice that it intends to record an interview, the taxpayer may request a transcript or copy of the recording, paying only reasonable reproduction costs. The taxpayer cannot bar the recording once notice is given, and payment for equipment or written pre-approval from the agent are not requirements.

34. C — The IRS Independent Office of Appeals resolves disputes based on hazards of litigation, facts, and existing law, but it lacks authority to declare a statute unconstitutional or invalidate Code provisions on constitutional grounds. Constitutional challenges must be raised in federal court, not resolved administratively through Appeals, Advocate approval, or a referral request.

35. D — When a valid Form 2848 is on file, the IRS is generally required to send copies of notices, correspondence, and other communications regarding the matter to the taxpayer's authorized representative, unless the taxpayer specifically elects otherwise on the form. This ensures the representative stays informed and can act promptly on the taxpayer's behalf.

36. C — Taxpayers and their representatives may generally request and obtain copies of an examiner's workpapers supporting proposed adjustments, though certain information, such as internal deliberative material, may be redacted before release. Workpapers are not automatically mailed within a fixed deadline, are not permanently confidential, and do not require a subpoena to obtain.

37. B — A formal written protest, required above the small case request threshold, must include a statement of the disputed facts, the law or authority supporting the taxpayer's position, and supporting arguments. A small case request requires far less detail. Merely stating disagreement or submitting the return and report alone does not satisfy protest requirements.

38. A — Before formally proceeding to the Office of Appeals, a taxpayer may request a conference with the examining agent's group manager to discuss the disputed adjustments informally. This intermediate step can sometimes resolve disagreements without further escalation, and differs from mandatory outside mediation, Commissioner-level review, or an automatic bypass directly to Tax Court.

39. B — A Form 2848 power of attorney generally requires a living principal capable of granting authority, so a taxpayer's death terminates the existing authorization. Continued representation of the estate requires a new Form 2848 executed by the estate's court-appointed executor or administrator, not automatic transfer to a surviving spouse or a fixed one-year continuation.

40. D — Taxpayers are generally entitled to know the name and unique identification or badge number of the IRS employee handling their case upon request. This transparency requirement is not limited to a first name only, does not require going through a supervisor instead, and is not withheld for security reasons in ordinary examinations.

41. C — A taxpayer may request that an examination be conducted or transferred to the location where the books and records are actually maintained, such as an accountant's office, for administrative convenience, even absent pure geographic hardship. Examiner preference, delay tactics, or converting to a correspondence exam are not valid grounds for such a request.

42. B — Repetitive audit protection allows a taxpayer to request that an examination be discontinued when the same issue was examined in each of the two preceding years and resulted in no change. This differs from a blanket five-year immunity, is not limited to employment tax issues, and does not require automatic referral to Appeals.

43. D — Form 8821, Tax Information Authorization, permits a designated party to receive copies of notices and inspect confidential tax information without granting representation authority before the IRS. Form 2848 grants full representation authority to advocate on the taxpayer's behalf, while Forms

656 and 4506 relate instead to offers in compromise and transcript requests, not information-only authorization arrangements.

44. A — The §7525 federally authorized tax practitioner privilege does not apply to written advice concerning corporate tax shelters, even when given by an enrolled agent. The privilege also applies only in noncriminal matters before the IRS and federal courts, does not extend to criminal proceedings, and generally does not apply automatically to state tax matters.

45. B — Under Circular 230, an unenrolled preparer who signed a return as preparer may represent the client regarding that return before revenue agents and customer service representatives during an examination, but this limited authority does not extend to representation before the Office of Appeals, Tax Court, or other IRS functions requiring broader credentials.

46. A — Signing Form 872 to extend the assessment statute of limitations is voluntary; the IRS cannot compel a taxpayer to consent to an extension. A taxpayer may decline regardless of whether a protest has been filed or whether the examination is conducted in the field or office, though declining may prompt an earlier notice.

47. C — IRC §6323(b)(7) protects a mechanic's lienor who furnishes repairs or improvements to residential property under a contract not exceeding $1,000, giving that lien superpriority over an earlier-filed NFTL. This narrow exception favors small residential repair contractors even though the tax lien was recorded first, so Roberto's contractor is fully protected despite the IRS's earlier filing.

48. D — Form 433-D, Installment Agreement, is the document the IRS issues and the taxpayer signs after an installment agreement is approved; it memorializes the monthly payment amount, due date, and direct debit information if applicable. Form 9465 is only the initial request, while Form 433-F is a financial disclosure form used to determine eligibility, not confirmation.

49. B — IRS procedures generally allow a taxpayer whose installment agreement has defaulted to have it reinstated one time without incurring an additional user fee, provided the default is cured and specific conditions are met, such as remaining otherwise compliant. Before terminating an agreement, the IRS must give notice, so Anthony still has an opportunity to cure and continue paying.

50. D — IRC §6331(d) requires the pre-levy notice to include, among other things, the amount of unpaid tax, the administrative appeals available, and a clear explanation of the taxpayer's right to request a Collection Due Process hearing within 30 days. It does not itemize specific assets or promise protection for particular property types.

51. C — Notice and demand under §6303 is issued shortly after assessment and simply informs the taxpayer of the amount owed, beginning the collection process. The Final Notice of Intent to Levy comes later, only after the liability remains unpaid, and it is the notice that affords the taxpayer the right to request a CDP hearing before enforced levy action begins.

52. A — The State Income Tax Levy Program (SITLP) is a reciprocal agreement between the IRS and participating states allowing state income tax refunds to be levied and applied toward an outstanding federal tax liability. It is distinct from the Federal Payment Levy Program, which targets federal payment streams like Social Security, and from the Fresh Start lien withdrawal provisions.

53. B — ERISA's anti-alienation provisions generally protect qualified retirement plan assets from private creditors, but federal tax levies are specifically excepted from that protection under the Internal Revenue Code. While the IRS considers factors like flagrancy and hardship before levying retirement accounts, it retains legal authority to reach both IRAs and employer-sponsored qualified plans to satisfy unpaid liabilities.

54. D — Unlike a wage levy, which is continuous and attaches to future pay until released, a levy on accounts receivable is generally a one-time levy that captures only the amount the third party owes the taxpayer at the moment the levy is served. The IRS would need to issue a new levy to reach amounts that become payable afterward.

55. A — The Collection Appeals Program (CAP) provides a quick administrative review for certain collection actions, including a rejected, modified, or terminated installment agreement and seized property, but unlike CDP, a CAP decision cannot later be taken to Tax Court. Kevin can use CAP for fast review, though he gives up judicial review rights for this particular collection issue.

56. C — Under IRC §6337(b), a taxpayer whose real property has been seized and sold by the IRS generally has 180 days from the date of sale to redeem it by paying the purchase price plus interest at the applicable rate. This redemption right applies to real property; personal property sold at an IRS seizure sale carries no such statutory redemption period.

57. A — A certificate of non-attachment under IRC §6325(e) is issued when the IRS confirms that a filed lien does not attach to a particular person's property, often because of a name confusion between individuals with similar or identical names. It clarifies, without releasing the original lien, that David's separately owned property is unaffected by his father's tax debt.

58. B — Service in a designated combat zone suspends numerous deadlines, including the collection statute of limitations, for the entire period of qualifying service plus an additional 180 days afterward. This combat zone suspension is distinct from other tolling events, such as a pending offer in compromise, and applies automatically without requiring a separate hardship application from the servicemember.

59. C — IRC §6323(b)(6) grants superpriority to real property tax and special assessment liens imposed by a local taxing authority, allowing them to prevail over a previously filed NFTL. This exception recognizes that local governments must be able to collect property taxes to fund essential services, so Harold's county lien outranks the IRS's earlier-filed lien on the same property.

60. D — IRC §7508A gives the IRS authority to postpone various time-sensitive deadlines, including certain collection actions and statute of limitations periods, for taxpayers affected by a federally declared disaster. This disaster-related postponement is separate from the combat zone suspension rules and from hardship-based levy release provisions found elsewhere in the Code, such as §6343.

61. C — A gross valuation misstatement under §6662(h) exists when claimed value is 200% or more of the correct value. This replaces the standard 20% accuracy-related penalty with an enhanced 40% rate on the affected portion, and reasonable cause relief is also far more limited for these overstatements than for ordinary understatements involving other accuracy-related grounds.

62. A — Section 6662A imposes a 20% penalty on reportable transaction understatements that are adequately disclosed on Form 8886. Section 6662A(c) increases that rate to 30% when the taxpayer fails to disclose the transaction as required, reflecting the additional noncompliance created by the missing disclosure layered on top of the underlying tax understatement itself.

63. D — Section 6664(c)'s reasonable cause and good faith exception is a defense to accuracy-related penalties under §6662, but it cannot excuse civil fraud under §6663. Fraud requires proof of intentional wrongdoing by clear and convincing evidence, which by definition negates any claim that the taxpayer acted with reasonable cause or genuine good faith.

64. B — Section 6404(e) authorizes abatement of interest attributable to unreasonable errors or delays by an IRS officer or employee performing a ministerial or managerial act, provided no significant part of the delay is attributable to the taxpayer. The decision remains discretionary rather than a mandatory entitlement, and the IRS retains considerable latitude in granting it.

65. D — Section 6621(d) provides that when a taxpayer has equal amounts of overlapping overpayment and underpayment interest for the same period, the net interest rate on those offsetting amounts is zero, removing the government's incentive to charge underpayment interest while simultaneously owing the taxpayer overpayment interest on the corresponding overlapping balance for that period.

66. B — The IRS Criminal Investigation Voluntary Disclosure Practice is designed for taxpayers whose noncompliance was willful, letting them come forward, cooperate fully, and pay applicable taxes, interest, and penalties in exchange for reduced risk of criminal prosecution. This differs from the Streamlined Filing Compliance Procedures, which are reserved specifically for taxpayers whose noncompliance was non-willful.

67. C — Section 6721 imposes tiered per-return penalties that grow larger the longer correction is delayed, subject to annual maximum caps on total exposure. Filers meeting the small-business average-gross-receipts test benefit from a reduced annual maximum compared to larger filers, scaling the business's overall penalty exposure to its size and filing volume.

68. A — Section 7202 makes it a felony to willfully fail to collect, truthfully account for, and pay over trust fund taxes, independent of the civil trust fund recovery penalty assessed under §6672. A criminal referral under §7202 can proceed even without a prior or simultaneous civil TFRP assessment against the same responsible individual.

69. B — Section 7212(a), the omnibus clause, criminalizes corruptly or by force or threat of force endeavoring to obstruct or impede the due administration of the internal revenue laws. It covers conduct like threatening agents or destroying records that other specific fraud or evasion statutes do not directly reach or adequately address.

70. D — A "reportable transaction" under §6011 regulations is the broader umbrella category requiring disclosure, encompassing several distinct types defined by regulation. A "listed transaction" is a narrower subset: a specific transaction the IRS has identified by published notice as a tax avoidance transaction, carrying the most severe penalty consequences for nondisclosure.

71. C — Adequate disclosure on Form 8275 (or 8275-R for positions contrary to a regulation) can shield a taxpayer from the substantial understatement component of §6662(b)(2) if the position has at least a reasonable basis, though disclosure alone does not protect against negligence, civil fraud, or reportable transaction penalties under separate Code provisions.

72. A — Section 6404(b) expressly provides that no interest abatement claim may be filed, and the IRS may not abate interest, based solely on the taxpayer's assertion that the underlying tax liability is incorrect. A liability dispute must instead be pursued through examination, the Independent Office of Appeals, or litigation in the appropriate forum.

73. D — For individuals, a "substantial understatement" under §6662(b)(2) exists only when the understatement exceeds the greater of $5,000 or 10% of the tax required to be shown on the return. Understatements below that threshold entirely escape this particular penalty component regardless of the strength or weakness of the taxpayer's underlying return position.

74. B — A qualified amended return, one filed before the taxpayer is contacted about an examination or another triggering event under the regulations, can remove the corrected amount from the "understatement" calculation used for the accuracy-related penalty, effectively reducing or eliminating exposure for the item the taxpayer voluntarily corrected before any IRS contact occurred.

75. C — Section 7623(a) is the original, discretionary whistleblower award provision, letting the IRS award a percentage of amounts collected in cases falling below the dollar thresholds that trigger the mandatory award regime of §7623(b). Awards granted under subsection (a) remain permissive rather than legally required, unlike the mandatory program's guaranteed minimum percentage.

76. A — Section 7491(a) shifts the burden of proof to the IRS on a factual issue in a court proceeding when the taxpayer introduces credible evidence, has complied with applicable substantiation and record-keeping requirements, and has cooperated with reasonable IRS requests for witnesses, documents, and meetings throughout the underlying examination and any related proceeding.

77. A — Following Notice 2011-70 and Rev. Proc. 2013-34, the IRS eliminated the two-year filing deadline for equitable relief requests under §6015(f), while elections under §6015(b) and §6015(c) generally still must be made within two years of the first collection activity taken against the requesting spouse who seeks relief from the joint liability.

78. B — When a civil examiner identifies firm indicators of fraud, IRS procedure requires suspending the civil examination and referring the matter to Criminal Investigation before continuing further work. This preserves the integrity of any potential prosecution and avoids improper use of civil information-gathering tools, such as summonses, for building a criminal case against the taxpayer.

79. D — A Kovel arrangement, named for United States v. Kovel, allows an attorney to retain an accountant to assist in providing legal advice, extending attorney-client privilege to communications that would not otherwise be privileged. It is common in criminal tax matters, where the statutory §7525 practitioner privilege does not apply at all.

80. C — The §7525 practitioner-client privilege extends common-law attorney-client privilege protections to communications with federally authorized tax practitioners, but only in noncriminal matters before the IRS and noncriminal proceedings in federal court brought by or against the United States. It never applies in any criminal tax proceeding, in any forum, at any stage.

81. A — Section 6404(e)(2) allows the IRS to abate interest on erroneous refunds of $50,000 or less for the period before a notice of demand for repayment is issued, provided the taxpayer or a related party did not cause the erroneous refund through fraud, misrepresentation of a material fact, or other similar fault.

82. D — Section 6621(c) imposes an increased interest rate, informally called "hot interest," on large corporate underpayments exceeding $100,000 that remain unpaid beyond the applicable threshold date specified in the statute, adding 2 percentage points above the standard corporate underpayment rate to discourage prolonged nonpayment by large corporations carrying substantial outstanding tax liabilities.

83. C — Section 7426 permits a third party who is not the delinquent taxpayer, but whose property was wrongfully levied upon to satisfy someone else's liability, to bring a civil action against the United States to recover the property or its value, a distinct remedy from those available to the taxpayer whose liability triggered the levy.

84. B — Section 6404(a) grants the IRS general authority to abate any assessment that exceeds the correct tax liability, was assessed after the applicable limitations period expired, or was erroneously or illegally made in the first instance — a broader ministerial correction authority distinct from the interest-specific abatement provisions found in §6404(b) and §6404(e).

85. A — A calendar-year C corporation files Form 7004 to obtain an automatic six-month extension of time to file under §6081, moving the Form 1120 deadline from April 15 to October 15. Form 4868 applies only to individuals, and Form 8809 extends the deadline for certain information returns, not corporate income tax returns.

86. C — A calendar-year trust or estate must file Form 1041 by April 15 absent a timely extension request being filed. Filing Form 7004 grants an automatic five-and-a-half-month extension, moving the deadline to September 30 — notably shorter than the six-month extension corporations and partnerships receive, a distinction frequently tested on the SEE exam.

87. D — The Electronic Filing Identification Number (EFIN) is issued to an authorized firm or office location and permits electronic transmission of returns, while the Preparer Tax Identification Number (PTIN) identifies the specific individual who prepared the return for compensation. The two numbers serve distinct, non-interchangeable purposes within the IRS e-file registration system overall.

88. B — When an e-filed individual return is rejected, the IRS generally allows a perfection period of 5 calendar days from the rejection date to correct the error and retransmit. If accepted within that window, the return is treated as filed on the original transmission date, protecting the taxpayer from a late-filing penalty.

89. D — Form 8821 only authorizes the IRS to disclose confidential tax information to the designated party named on the form; it grants no representation or filing authority whatsoever. Only Form 2848, Power of Attorney and Declaration of Representative, authorizes a practitioner to sign, execute, or otherwise act on the taxpayer's behalf during the filing process.

90. C — The e-file mandate under §6011(e) provides a recognized exception for preparers who are members of a religious group conscientiously opposed to electronic filing on doctrinal grounds. The IRS also grants separate case-by-case administrative hardship waivers for other circumstances, but the religious exception applies on its own without requiring a separate hardship application filing.

91. B — Under the Fed/State e-file program, a participating state's return is transmitted in the same electronic session as the federal return, effectively piggybacking on the accepted federal submission data already transmitted. This streamlines filing for taxpayers in participating states, though the state return still requires its own separate state-level acceptance and processing.

92. A — The IRS allows Form 1040-X to be electronically filed for the current tax year plus the two immediately preceding tax years, provided the original return for that year was also e-filed. Amended returns for years outside that window, or for originally paper-filed returns, generally must still be filed on paper.

93. D — Under §7502, the timely-mailing-timely-filing rule treats a document as filed on its postmark date when mailed through the U.S. Postal Service or a designated private delivery service, even if the IRS does not physically receive it until later. Registered mail is one method that raises a presumption of delivery but is not the only qualifying method available.

94. A — Both IRS Direct Pay and EFTPS generate a unique confirmation number once a payment is successfully submitted, and taxpayers should retain that number as proof of timely payment. Unlike EFTPS, Direct Pay requires no advance enrollment, but it still produces the same type of confirmation record for the taxpayer's files.

95. C — For Head of Household due diligence under Form 8867, the preparer must confirm the taxpayer paid more than half the cost of keeping up a home that served as the main residence for a qualifying person for over half the year. This requirement is distinct from the EITC and CTC checks.

96. B — A primary-taxpayer duplicate-SSN rejection often signals identity theft rather than a simple data-entry error. The correct response is to paper file the legitimate return and have the client submit Form 14039, Identity Theft Affidavit, so the IRS can investigate and place protections on the account. Altering data will not resolve fraud.

97. C — The IRS administers e-file participation as a privilege, not a right, and its e-file program rules allow suspension or revocation of an Authorized Provider's EFIN for violations such as submitting fabricated data, separate and apart from any Circular 230 disciplinary action against an individual practitioner. No Tax Court proceeding is required for this administrative sanction.

98. A — Form 8879-S is the e-file signature authorization used specifically for Form 1120S returns, allowing an authorized corporate officer to authenticate the electronic submission much like Form 8879 authenticates an individual e-filed return for a person. Forms 2848 and 8821 instead govern representation and disclosure, not e-file signature authorization for business returns.

99. D — The Transmitter is the IRS e-file participant responsible for electronically sending completed return data to the IRS's processing system for final acceptance. The Electronic Return Originator (ERO) is the party that originates the electronic submission by working directly with the taxpayer; a single firm may hold both roles or instead use a separate transmitter.

100. B — Form 2210, Underpayment of Estimated Tax by Individuals, Estates, and Trusts, is used to determine whether a penalty applies for insufficient estimated tax payments made throughout the year and to calculate the penalty amount owed, unless a safe-harbor exception applies instead. It is unrelated to extensions, refund splitting, or installment agreement requests.