PRACTICE EXAM 34: 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. Delphine Vasquez holds a current Annual Filing Season Program (AFSP) Record of Completion but is not an enrolled agent, CPA, or attorney. She prepared and signed a client's Form 1040, and the client is now being contacted by IRS Compliance about that return. What is the scope of Delphine's representation authority in this matter?

A. She may represent the client before any IRS office, including Appeals, since the return is one she prepared and signed.
B. She may represent the client only before revenue agents, customer service representatives, and similar IRS employees regarding the return she prepared and signed, but not before Appeals or Collection.
C. She may represent the client before Appeals officers but not before examination personnel handling the initial inquiry.
D. She has the same unlimited representation rights as an enrolled agent for three years after completing the AFSP requirements.

2. Rosalind Achterberg is a Canadian citizen who has never lived or worked in the United States. She wants to apply for enrollment to practice before the IRS. Under Circular 230 §10.4, which statement about her eligibility is accurate?

A. She is barred from enrollment because Circular 230 requires practitioners to be U.S. citizens.

B. She may not sit for the Special Enrollment Examination unless she first obtains a PTIN and works for a U.S. tax firm for two years.

C. She is eligible to apply, because Circular 230 does not impose a U.S. citizenship or residency requirement for enrollment.

D. She is eligible only if she pairs her application with a CPA license issued by a U.S. state board.

3. Cassius Brightwater, an enrolled agent, submits Form 8554 to renew his enrollment, but the IRS denies the application. Under §10.6(d), which of the following is a proper ground for that denial?

A. Cassius changed employers to a different tax firm during the enrollment cycle.

B. Cassius represented clients in an industry outside his prior area of specialty.

C. Cassius earned his continuing education hours from more than one qualified sponsor.

D. Cassius failed to meet the continuing education requirements or provided false or misleading information on the renewal application.

4. Ambrose Delacroix-Whitmore's enrollment as an EA expired because he failed to timely file his renewal application. He now wants to know his options for getting back into active status. Under §10.6(f), what is true of his situation once more than three years have passed since the expiration date?

A. If more than three years have passed since expiration, he must reapply for enrollment as a new applicant, including passing the Special Enrollment Examination again.

B. He automatically regains enrollment the moment he pays all back CE-related late fees, regardless of how much time has passed.

C. He may never be reinstated once enrollment has expired for failure to renew, under any circumstances.

D. He has six years from the expiration date to seek reinstatement without retaking the exam, provided he pays a penalty fee.

5. Théa Runcible is not an enrolled agent, attorney, or CPA. She wants to represent her brother Desmond, without compensation, in an in-person interview with an IRS revenue agent regarding his individual return. Under §10.7(c), may she do so?

A. No, only enrolled agents, attorneys, and CPAs may ever represent another individual before the IRS.

B. Yes, but only if she first obtains a PTIN and completes an ethics module.

C. Yes, an individual may represent a member of their immediate family without enrollment, since Circular 230 does not treat this as requiring practitioner status.

D. Yes, but only for correspondence audits conducted entirely by mail, never for in-person interviews.

6. Bartholomew Nkemelu holds only a PTIN — he is not enrolled, has no AFSP Record of Completion, and never represents clients before the IRS. He prepares returns for compensation. Under §10.8, which of the following is true of the Circular 230 provisions that apply to him?

A. None apply — Circular 230 exclusively governs enrolled agents, attorneys, and CPAs, so unenrolled preparers are entirely outside its scope.

B. Specific provisions such as the duty of due diligence and the standards for signing returns and providing advice extend to anyone who prepares returns for compensation.

C. Only the fee-related restrictions in §10.27 apply, since that section is the only one referencing preparers.

D. Only the CE requirements in §10.6 apply to him, and compliance is voluntary.

7. Odalys Ferreira-Nakashima, an enrolled agent, receives a lawful and properly issued request from an IRS officer for records related to a client matter she is handling. She has no reasonable grounds to question the request but sets it aside for two months due to her workload. What does §10.20(a) require of her?

A. She may wait indefinitely as long as she eventually complies before the client's case is closed.

B. She must first obtain written consent from the client before providing anything, even non-privileged records.

C. She is only obligated to respond if the request comes from a Revenue Agent rather than any other properly authorized IRS employee.

D. She must promptly submit the requested records or information, unless she believes in good faith and on reasonable grounds that the request is not proper or privilege applies.

8. While preparing this year's return for a client, Guinevere Solheim discovers that the client's return from two years earlier omitted a substantial amount of rental income. Under §10.21, what is Guinevere required to do?

A. Promptly advise the client of the error or omission and inform the client of the consequences under the Code and regulations.

B. Immediately file an amended return on the client's behalf without seeking authorization.

C. Report the omission directly to the IRS Whistleblower Office within 30 days.

D. Refuse to prepare any further returns for the client until the prior error is corrected.

9. Percival Adeyinka-Storm, an enrolled agent, repeatedly requests extensions and delays responding to IRS inquiries on a client's case for many months without good cause. Which Circular 230 provision does this conduct most directly violate?

A. §10.33's best practices standard, which is purely aspirational and carries no enforceable duty.

B. §10.29's conflict-of-interest rule, because delay inherently creates a conflict with the client.

C. §10.23, which requires practitioners not to unreasonably delay the prompt disposition of any matter pending before the IRS.

D. §10.6, because unresolved matters automatically toll the practitioner's CE cycle.

10. When questioned by OPR, Isadora Kwiatkowski explains that she was unaware of a specific Circular 230 requirement because she never reviewed the regulations after her initial enrollment years earlier. How does §10.32 treat this explanation?

A. §10.32 obligates practitioners to keep informed of the rules in Circular 230, so ignorance of a rule due to failing to stay current is not an excuse for noncompliance.

B. §10.32 excuses noncompliance entirely if the practitioner can show the rule changed within the prior 12 months.

C. §10.32 only applies to practitioners who hold themselves out as tax controversy specialists.

D. §10.32 requires the IRS to individually notify each practitioner of every regulatory change before it can be enforced.

11. Wilhelmina Nakagawa-Pierce gives tax advice to a client but never clarifies what services she is actually providing or the terms of the engagement, including its scope or the form the advice will take. Which specific best practice under §10.33 has Wilhelmina failed to observe?

A. Establishing the relevant facts, evaluating the reasonableness of assumptions, and arriving at a conclusion supported by the law and facts.
B. Communicating clearly with the client regarding the terms of the engagement, including the scope of the engagement and the form and effect of any advice given.
C. Acting fairly and with integrity in all dealings with the IRS.
D. Advising the client of any potential penalties associated with a position taken on the return.

12. Thaddeus Vranken, an enrolled agent, knowingly allows his disbarred colleague Reggie Castellano to continue signing and filing client returns and interacting with the IRS on those cases, presenting the work as Thaddeus's own. What does this conduct constitute under §10.51(a)?

A. Permissible supervision of nonsigning support staff, since Reggie's underlying work is competent.
B. A violation of §10.27's contingent fee restrictions only.
C. Acceptable delegation of duties under the firm-procedures rule of §10.36.
D. Disreputable conduct — knowingly assisting a disbarred or suspended person to practice before the IRS.

13. Seraphina Duquesne, an enrolled agent, collects funds from a client that are earmarked for estimated tax payments, but deposits the money into her firm's operating account and uses it to cover office expenses instead. What is the most accurate characterization of her conduct under Circular 230?

A. Disreputable conduct under §10.51(a) — misappropriation of client funds intended for payment of taxes is expressly enumerated as grounds for suspension or disbarment.
B. A minor recordkeeping lapse addressed only through a formal reprimand under §10.50, with no risk of suspension.
C. A permissible practice as long as she eventually remits the full amount before the filing deadline.
D. A violation of the CE recordkeeping rules under §10.6(e), not a conduct violation.

14. Cornelius Attah-Whitlock, an enrolled agent with taxable income each year, willfully fails to file his own personal Form 1040 for several consecutive years. Under §10.51(a), how is this conduct treated?

A. It is outside OPR's jurisdiction because it concerns the practitioner's personal return, not client work.
B. It constitutes disreputable conduct, since Circular 230 lists a practitioner's willful failure to file their own federal tax return as grounds for discipline.
C. It is permissible as long as the practitioner ultimately pays any tax owed with interest before an audit begins.
D. It only becomes disreputable conduct if the unfiled return also involves a client's business.

15. Marguerite Solberg-Achebe sends mass mailings to prospective clients claiming she can guarantee IRS penalty abatement in 100% of cases in order to attract new business. Her advertising claim most directly exposes her to discipline under which Circular 230 provision?

A. §10.30's requirement that advertised fees remain valid for a stated period.
B. §10.34's standards for positions taken on returns.
C. §10.29's conflict-of-interest rules regarding successive representation.
D. §10.51(a)'s prohibition on soliciting employment through false or misleading statements or advertising.

16. Alistair Rimbaud-Kwan is the managing partner at a tax firm that has no internal review process to catch recurring due-diligence failures among its preparers, resulting in a pattern of noncompliance across multiple client files. What does §10.36 require of the firm and its responsible parties in this situation?

A. Nothing further, since §10.36 duties fall solely on the individual preparer who signs each return, not the firm.
B. Report each noncompliant preparer directly to the Taxpayer Advocate Service within 15 days.
C. Take reasonable steps to establish and maintain adequate procedures to ensure firm-wide compliance with Circular 230, since a pattern of failures can itself indicate inadequate procedures.
D. Suspend all client engagements firm-wide until every past return is amended.

17. Teodora Vasquez, an enrolled agent, is reviewing the general enforcement authority granted under Circular 230. Under §10.50(a), what sanctions may the IRS impose against a practitioner found to have violated the regulations, after notice and an opportunity for a proceeding?

A. Written admonishment and mandatory ethics coursework only

B. Referral to a state licensing board with no federal sanction imposed

C. An automatic monetary fine equal to the practitioner's annual fee income

D. Censure, suspension, or disbarment from practice before the Internal Revenue Service

18. Rosalind Cavanaugh, an enrolled agent, has not filed her own personal federal income tax return for four of the last five tax years, despite having a filing requirement each year. Under §10.51(a), this pattern constitutes disreputable conduct because it demonstrates:

A. A single isolated clerical oversight that is excused under §10.51(a)

B. A civil penalty matter that falls entirely outside OPR's disciplinary jurisdiction

C. Willful failure to file a required federal tax return in four of the preceding five years

D. A conflict-of-interest violation properly addressed only under Subpart B of Circular 230

19. Naomi Chen, an enrolled agent representing a client during an IRS examination, knowingly submits a fabricated bank statement to the revenue agent to support a deduction she knows is unsubstantiated. Under §10.51(a), this conduct is disreputable because it constitutes:

A. Giving false or misleading information, knowingly, to the Department of the Treasury or its officers or employees

B. A mere procedural error subject only to correction, never to discipline

C. A permissible advocacy tactic protected under §10.34's best-position standard

D. A violation solely of the client's obligations, not the practitioner's own duties

20. Rutherford Voss, an enrolled agent, is alleged to have violated §10.37's written-advice standards. Under §10.52(b), what level of culpability must OPR establish before this violation can support a sanction?

A. Any violation, however minor or unintentional, automatically supports disbarment
B. The violation must be willful, or the result of recklessness or gross incompetence
C. Only a criminal conviction for the underlying conduct can establish culpability
D. Strict liability applies, and no showing of intent or negligence is required

21. Elena Marchetti, an enrolled agent, is served with a formal complaint by OPR under §10.60. Aside from the plain and concise description of the alleged facts and law, what must §10.62 also require the complaint to include?

A. A pre-set settlement offer that the practitioner must either accept or reject in writing
B. The complete investigative file compiled by OPR during its inquiry
C. A list of every prior disciplinary complaint OPR has filed against other practitioners
D. Notice of the practitioner's right to file an answer and the time within which it must be filed

22. Desmond Kowalczyk's disciplinary hearing has been scheduled before an administrative law judge. Under §10.67, who is authorized to represent the Office of Professional Responsibility at the hearing?

A. The revenue agent who originally identified the alleged violation during examination
B. An attorney designated by the Director of OPR, or another authorized representative of OPR
C. Any enrolled agent selected at random from the practitioner's local IRS office
D. The practitioner's own state licensing board, which must appoint OPR's representative

23. The ALJ issues an initial decision suspending Corbin Thackeray's EA credential for six months. Neither party files an appeal. Under §10.75, what happens to the ALJ's initial decision?

A. It becomes the final decision of the Secretary of the Treasury 30 days after service, absent appeal
B. It remains merely advisory until independently ratified by the Commissioner of Internal Revenue
C. It automatically converts into a permanent disbarment after 30 days of inaction
D. It is void and must be re-litigated before an entirely new administrative law judge

24. Perpetua Nkemelu was previously placed on probation by OPR as a disciplinary sanction, subject to specific conditions. She then violates one of those conditions. Under §10.82, what procedural route is available to OPR?

A. OPR must file an entirely new formal complaint and proceed through the full §10.60 hearing process

B. No further action can be taken until the original probation period naturally expires

C. OPR may expeditiously suspend Perpetua's eligibility to practice without the standard formal complaint procedure

D. The violation must be treated exclusively as a criminal matter referred to the Department of Justice

25. Corbin Yates, a CPA and enrolled agent, has his CPA license suspended by the state board of accountancy for cause. Corbin is currently appealing that state suspension. Under §10.82's expedited procedures, may OPR act before the state appeal is resolved?

A. No, OPR must wait until all state appeals are fully exhausted before taking any federal action

B. No, expedited suspension applies only to criminal convictions, never to licensing actions

C. Only if the Treasury Inspector General independently reopens the state's underlying investigation

D. Yes, OPR may institute an expedited suspension proceeding based on the state suspension notice itself, even while an appeal is pending

26. Miriam Ostrowski, an enrolled agent, is convicted of willfully aiding in the preparation of a false return under IRC §7206(2). Under §10.51(a), how is this criminal conviction characterized for disciplinary purposes?

A. Conviction of a crime under the Internal Revenue Code (Title 26), constituting disreputable conduct

B. It is irrelevant to Circular 230 unless the client also faces criminal charges

C. It matters only if the conviction results in a prison sentence exceeding one year

D. It converts automatically into a state bar referral instead of an OPR complaint

27. Felix Danvers, an enrolled agent, offers a cash payment to an IRS revenue officer in an attempt to influence the outcome of his client's collection case. Under §10.51(a), this conduct is disreputable because it constitutes:

A. A permissible negotiation tactic so long as the client consents to it in writing

B. Directly or indirectly attempting to influence an IRS officer or employee by threats, false accusations, duress, coercion, or bribery

C. A minor ethical lapse addressed only through mandatory continuing education requirements

D. Conduct outside OPR's jurisdiction because it involves collections rather than examination

28. Renata Castellano, an enrolled agent, knowingly permits an individual whose enrollment was revoked to prepare and sign representation documents in her firm's name for submission to the IRS. Under §10.51(a), this conduct is disreputable because it constitutes:

A. A staffing decision that falls entirely outside Circular 230's scope

B. Acceptable delegation, provided the unenrolled individual is supervised in any capacity

C. Knowingly aiding and abetting another person to practice before the IRS in violation of the regulations

D. A violation attributable solely to the unenrolled individual, not to Renata

29. Jasper Lindqvist, an enrolled agent, uses abusive and threatening language toward an IRS appeals officer during a conference, disrupting the proceeding. Under §10.51(a), this behavior is classified as disreputable conduct on the basis of:

A. A protected exercise of free speech immune from Circular 230 sanction

B. Contemptuous conduct in connection with practice before the Internal Revenue Service

C. A pattern requiring three separate documented incidents before it qualifies as misconduct

D. A civil matter properly resolved only through a formal complaint to Congress

30. Fenwick Osgood's ALJ initial decision recommends disbarment. Fenwick files a timely appeal to the Secretary of the Treasury's designated appellate authority within the required window. Under §10.75, what is the effect of this timely appeal on the initial decision's finality?

A. The initial decision does not become final; it remains subject to review by the appellate authority

B. The initial decision becomes final immediately regardless of the pending appeal

C. The appeal automatically vacates the complaint and ends the proceeding entirely

D. The appeal converts the case into a criminal referral requiring Department of Justice involvement

31. Silas Whitcombe receives a formal complaint from OPR. In addition to describing the factual allegations and the law violated, §10.62 also requires the complaint to specify:

A. A binding settlement figure that becomes enforceable if unanswered within 10 days

B. The exact dollar amount of attorney's fees OPR expects to recover

C. The names of every other practitioner OPR has disciplined that calendar year

D. The specific sanction sought against the practitioner, such as censure, suspension, or disbarment

32. Taxpayer Renata Kowalski previously executed a Form 2848 authorizing EA Oscar Lindqvist to represent her before the IRS for her 2022 Form 1040. She later engages EA Bianca Ferraro and files a new Form 2848 for the same tax year and matter, without attaching any statement about the prior authorization. What happens to Lindqvist's authority?

A. Lindqvist retains full authority indefinitely because an original Form 2848 never expires until a separate revocation is filed

B. Both practitioners automatically share equal, ongoing authority because two valid Forms 2848 are on file for the same matter

C. Lindqvist's authority for that tax year and matter is automatically revoked because the new Form 2848 supersedes it, unless Kowalski attached a statement retaining the prior authorization

D. Lindqvist's authority continues unchanged until the Centralized Authorization File unit manually processes a separate written revocation

33. Taxpayer Teodoro Vasquez lists both EA Camille Dupont and CPA Finnegan Walsh on the same Form 2848 for his federal income tax matters. During the examination, Dupont meets with the examiner alone and signs a request extending the time to submit records, without consulting Walsh first. Is Dupont's action valid?

A. No, both listed representatives must jointly consent in writing before either may take any action on the taxpayer's behalf

B. No, only the representative listed first in Part I of the form may act without the other representative's countersignature

C. Yes, each representative named on the same Form 2848 holds independent authority to act alone for the taxpayer unless the form specifically limits that authority

D. Yes, but solely because Dupont is enrolled and Walsh is not enrolled to practice before the IRS

34. Taxpayer Ingrid Solberg files Form 8821 authorizing her bookkeeper, Soren Aabo, to receive her confidential tax information regarding her 2023 Form 1040 only. The following year, the IRS opens an examination of Solberg's 2021 partnership return and mails a copy of the initial contact letter to Aabo. Is this proper?

A. Yes, because a Form 8821 authorization automatically extends to cover every open tax year once it is filed

B. Yes, because authorizing a bookkeeper automatically includes access to any related pass-through entity's examination matters

C. No, because Form 8821 can never authorize the disclosure of examination correspondence under any circumstances

D. No, because Form 8821 authority is limited strictly to the specific tax matters and periods listed on the form, so the 2021 partnership examination falls outside Aabo's authorization

35. During an income tax examination, taxpayer Yusuf Demir's representative, EA Esperanza Reyes, asks revenue agent Colm O'Sullivan to close a disputed deduction issue for sixty cents on the dollar as a negotiated compromise. O'Sullivan declines and refers Reyes to the Office of Appeals instead. Why can't O'Sullivan agree to this?

A. Revenue agents are prohibited from discussing any disputed issue with a taxpayer's representative under any circumstance

B. Examination personnel may only apply the law to the facts developed during the audit; only Appeals holds authority to compromise a disputed amount.

C. Only District Counsel may negotiate a reduced settlement amount on any disputed examination issue

D. Revenue agents may settle a disputed issue only after the taxpayer first waives all appeal rights in writing

36. Taxpayer Kwame Asante lives in a rural area far from any IRS office, and his case has been assigned to an Appeals officer in a distant city. His representative, EA Anika Sharma, explains that traveling that distance would impose a genuine hardship on her elderly client and asks that the conference arrangements be changed. What may the Office of Appeals do?

A. Transfer the case to a closer Appeals office, or conduct the conference by telephone or virtual conferencing, to accommodate the travel hardship

B. Deny the request outright, since Appeals conference locations are fixed permanently by the original examining office's location

C. Require Asante to retain local counsel in the distant city rather than allow any transfer or remote conference

D. Automatically concede the disputed issues in Asante's favor because of the documented travel hardship

37. Taxpayer Rutger van Dijk is experiencing a temporary financial hardship and asks the IRS to weigh his individual facts and circumstances, including his ability to pay, rather than apply a rigid standard when pursuing collection. Which Taxpayer Bill of Rights provision most directly supports this expectation?

A. The right to challenge the IRS's position and be heard in response to IRS actions

B. The right to finality regarding the time period for challenging an IRS position

C. The right to a fair and just tax system, considering facts affecting liability, ability to pay, or ability to provide information

D. The right to confidentiality regarding information provided to the IRS

38. After examining taxpayer Julian Ferreira's Schedule C business return, revenue agent Hana Takahashi determines that no adjustment to any reported item is warranted. What does Takahashi issue to close the examination?

A. A ninety-day statutory notice of deficiency identifying the proposed adjustments

B. A no-change letter informing Ferreira that the examination is closed with no adjustment to the reported tax liability

C. A thirty-day letter proposing no additional tax but still requiring Ferreira to submit a formal written protest

D. A closing agreement under Section 7121 that permanently binds both Ferreira and the IRS

39. At the conclusion of an examination, taxpayer Desmond Ochoa signs Form 870 consenting to the examiner's proposed adjustments and pays the resulting additional tax. How is Ochoa's case classified, and what generally happens next?

A. An agreed case; the examination closes administratively without proceeding to Appeals or Tax Court because Ochoa has consented to the assessment

B. An unagreed case; the file is automatically forwarded to the Department of Justice for litigation

C. An agreed case; the IRS must nevertheless issue a statutory notice of deficiency before it may assess any tax

D. An unagreed case; Ochoa retains an automatic right to a full refund regardless of having signed the consent

40. During an examination, revenue agent Naledi Mokoena and the representative for taxpayer Petra Nowak disagree about how a novel, unsettled provision of the tax code applies to an unusual transaction, and no clear precedent resolves the issue. What may either party request to help resolve the uncertainty?

A. A private letter ruling that would apply only to Nowak's future transactions, not the transaction currently under examination

B. A closing agreement that finalizes the disputed issue without any further review by either party

C. An immediate transfer of the entire case file to Appeals for a binding resolution of the issue

D. Technical advice from the IRS National Office, which issues a Technical Advice Memorandum interpreting how the law applies to the specific facts of the case under examination

41. Taxpayer Aiden McAllister substantially prevails against the IRS in a Tax Court proceeding and seeks to recover his litigation costs under the Equal Access to Justice Act. Beyond showing that the IRS's position was not substantially justified, what net-worth limitation must McAllister, as an individual, satisfy to qualify?

A. His net worth cannot exceed seven million dollars at the time the civil action was filed

B. There is no net-worth limitation applicable to individual taxpayers under the Equal Access to Justice Act

C. His net worth cannot exceed two million dollars at the time the civil action was filed, since the higher threshold applies only to businesses

D. His net worth must exceed twenty-five percent of the total disputed tax liability in the case

42. During an interview with a revenue agent, taxpayer Lucia Moretti instructs her EA, Tobias Reinholt, to tell the agent that certain business expenses were paid in cash, even though Reinholt knows this claim is false. What must Reinholt do under Circular 230?

A. Refuse to make the false statement, and if Moretti insists, be prepared to withdraw, since a practitioner may not knowingly mislead the IRS.

B. Make the statement exactly as instructed, because a practitioner's duty of loyalty to the client overrides accuracy concerns during an interview

C. Report Moretti directly to the Criminal Investigation Division before the interview may continue any further

D. Make the statement but privately annotate his own workpapers noting that the statement was false

43. Taxpayer Zainab Haidari is hospitalized and unable to sign her own Form 1040 before the filing deadline. Her representative, EA Callum Brennan, holds a validly executed Form 2848 covering her income tax matters. May Brennan sign the return on Haidari's behalf based solely on that Form 2848?

A. Yes, a Form 2848 always grants the representative unlimited authority to sign any return the taxpayer would otherwise sign

B. No, a Form 2848 alone does not authorize signing a taxpayer's return; that requires narrow circumstances like illness plus specific written authorization.

C. Yes, but only because Brennan is an enrolled agent rather than an attorney or CPA

D. No, only a court-appointed guardian may ever sign a federal income tax return for a hospitalized taxpayer

44. Taxpayer Mireille Beaumont receives a federal tax refund check, and her representative, CPA Dashiell Grant, wants to endorse it and deposit the funds into his firm's escrow account, citing his authority under Beaumont's Form 2848. Is this permitted?

A. Yes, because a Form 2848 automatically grants representatives authority to negotiate any refund check issued to their client

B. Yes, but only if Grant is an enrolled agent rather than a CPA handling the transaction

C. No, because refund checks may only ever be deposited directly into the taxpayer's own personal bank account

D. No, a Form 2848 does not authorize a representative to endorse or otherwise negotiate a taxpayer's refund check; that authority is expressly excluded and must be granted separately, if at all

45. Enrolled agent Balthazar Quill holds a properly executed Form 2848 from client Seraphina Duval covering the tax year under examination. The revenue agent proposes resolving the case through a closing agreement on Form 906. Does Quill's Form 2848 by itself authorize him to sign the closing agreement on Duval's behalf?

A. Yes, because a closing agreement is simply a routine examination document covered by any valid Form 2848

B. No, because closing agreements may only be signed by the taxpayer's attorney of record, never an enrolled agent

C. Yes, but only if Quill also holds a separate Form 8821 for the same tax year

D. No, because signing a closing agreement requires specific authorization beyond the general authority a Form 2848 grants

46. During an examination, revenue agent Emeka Adeyemi requests documentation far beyond what is reasonably necessary to verify the specific items under review and pursues an intrusive line of questioning unrelated to those issues, directed at taxpayer Saoirse Kavanagh. Which Taxpayer Bill of Rights protection is most directly implicated?

A. The right to quality service from the IRS in a prompt, courteous, and professional manner

B. The right to finality regarding the time period to challenge the IRS's position

C. The right to privacy, expecting that any IRS inquiry or enforcement action will be no more intrusive than necessary.

D. The right to pay no more than the legally correct amount of tax owed

47. Diego Salcedo owes $7,200 in unpaid federal tax and no lien has yet been filed. The assigned IRS employee is deciding whether to file a Notice of Federal Tax Lien against him. Under the Fresh Start initiative's expanded lien-filing thresholds, which statement is accurate?

A. The IRS generally does not file an NFTL on an individual balance this size without supervisory approval

B. The IRS must file an NFTL automatically once any liability exceeds $5,000

C. NFTLs may be filed only after a case is assigned to a field revenue officer

D. Fresh Start eliminated NFTL filing entirely for individual taxpayers

48. Renata Osei timely requests a Collection Due Process hearing after receiving a Final Notice of Intent to Levy. On Form 12153, she must indicate her preferred format for the hearing. Which formats may Renata choose from?

A. In-person only, at the IRS office nearest her employer

B. Correspondence, telephone, or in-person, at the taxpayer's election

C. Telephone only, unless she is represented by an attorney

D. Video conference only, as scheduled by IRS Chief Counsel

49. Marisol Kendrick owes $8,400 in tax, penalties, and interest for a single year, has filed all required returns, and proposes to fully pay the balance within 34 months. Which type of installment agreement is she entitled to receive as a matter of right?

A. Partial payment installment agreement, granted only after a full financial analysis

B. Guaranteed installment agreement, granted automatically once she meets the statutory conditions

C. Streamlined installment agreement, which still requires discretionary managerial sign-off

D. In-business trust fund express agreement, reserved for delinquent payroll tax accounts

50. A revenue officer prepares to seize Hollis Vantree's commercial delivery van after other collection attempts have failed to satisfy his delinquent balance. Which statement correctly distinguishes this seizure of tangible property from a bank levy?

A. Both actions require the IRS to publish notice of sale in a local newspaper before proceeding

B. A bank levy requires the IRS to prepare Form 2433 and give notice of sale, while a seizure does not

C. Seizure and bank levy differ only in which internal IRS division carries out the action

D. Seizure of tangible property, unlike a bank levy, requires Form 2433 and notice of sale before the property is sold

51. Two years after Ines Kowalczyk was placed in Currently Not Collectible status because of financial hardship, her income substantially increases. What does the IRS typically do in this situation?

A. Automatically terminates the underlying tax liability without further action
B. Refiles the original Notice of Federal Tax Lien regardless of the income change
C. Periodically reviews the account and may resume active collection because she can now pay
D. Converts the account to a permanently uncollectible classification

52. A Notice of Federal Tax Lien filed against Percival Adeyemi's property in 2016 contains a printed self-release date tied to the collection statute. No extension is executed. What happens once that date passes?

A. The lien self-releases automatically under section 6325(a) without further IRS action
B. Percival must file Form 12277 to request withdrawal before the lien can release
C. The lien converts automatically into a judgment lien enforceable indefinitely
D. The IRS must first issue a certificate of discharge before the lien releases

53. Wendell Okonkwo-Price failed to file three years of returns despite repeated IRS notices, so the Service prepares substitutes for returns under section 6020(b) using third-party income data. Which statement about the effect of these SFRs is accurate?

A. The SFRs allow the IRS to assess and begin collection but do not credit deductions or credits Wendell has not substantiated
B. The SFRs automatically include the standard deduction and every credit Wendell would have been entitled to claim
C. Filing an SFR permanently bars the IRS from assessing any additional tax for those years
D. An SFR extends the collection statute indefinitely until Wendell files an original return

54. Odalys Ferreira's home is her only significant asset and is subject to a federal tax lien. She has a signed contract to sell it, but net proceeds will be less than the lien balance. She asks the IRS to remove the lien from the property so closing can occur, with the IRS's interest attaching instead to the sale proceeds. Which remedy is she requesting?

A. Lien subordination, which only reorders priority against a named creditor
B. Lien withdrawal, which removes the public NFTL filing entirely
C. An offer in compromise based on doubt as to collectibility
D. A certificate of discharge under section 6325(b), releasing the lien from that specific property

55. Before contacting Thaddeus Onyekwere's clients to verify accounts receivable balances as part of a collection investigation, what must the assigned IRS employee do first?

A. Obtain a federal court order specifically authorizing the third-party contacts
B. Secure Thaddeus's written consent before any client may be contacted
C. Provide Thaddeus reasonable advance notice that third parties may be contacted, under section 7602(c)
D. Nothing further, since a Final Notice of Intent to Levy has already been issued

56. In evaluating Yolanda Prescott-Dumas's offer in compromise, the IRS calculates her reasonable collection potential. Which combination of figures makes up that calculation?

A. Her gross annual income multiplied by the years remaining on the collection statute
B. The net realizable equity in her assets plus her future income available after allowable expenses
C. Only the balance currently sitting in her bank accounts on the date the offer is filed
D. Her total lifetime earnings minus every dollar of tax she has previously paid

57. Beatriz Sundqvist discovers that her former spouse understated income on a jointly filed return without her knowledge, and the IRS is now pursuing her personally for the resulting deficiency. Which relief provision is designed for her circumstances, as distinguished from injured spouse relief?

A. Injured spouse allocation claimed on Form 8379
B. A Currently Not Collectible hardship determination
C. A request under the Collection Appeals Program
D. Innocent spouse relief under section 6015

58. Gunnar Aslund files a Chapter 13 bankruptcy petition while an unpaid tax liability is still within its 10-year collection period. What effect does this filing have on the IRS's collection statute expiration date?

A. The automatic stay suspends collection action, and the collection statute is tolled for the stay period plus six months

B. The collection statute expiration date is permanently eliminated once bankruptcy is filed

C. The filing has no effect on the collection statute because tax debts are never dischargeable

D. The collection statute resets to a full new ten-year period upon the filing

59. Nadia Belmonte submits Form 656 to propose an offer in compromise to the IRS. Which statement correctly describes the application fee requirement that applies to her submission?

A. A $600 processing fee is required from every applicant with no exceptions permitted

B. A fee is generally required with the offer, but taxpayers meeting the low-income certification guidelines are exempt from paying it

C. The fee is refunded automatically regardless of whether the offer is ultimately accepted

D. No fee is ever required when the offer is based on doubt as to collectibility

60. Omar Delacroix's delinquent account involves a modest balance with no unusual complicating factors, no prior enforcement history, and straightforward financial information. Which IRS collection function is most likely to handle his case rather than assigning a field revenue officer?

A. IRS Criminal Investigation, which pursues suspected fraud and tax crimes

B. The Independent Office of Appeals, which reviews disputed determinations

C. The Automated Collection System, which handles less complex accounts by phone and correspondence

D. IRS Chief Counsel's collection litigation unit, which handles court proceedings

61. Odessa Kwan claimed a deduction that squarely contradicted a Treasury regulation she had read and understood, choosing to take the position anyway because she doubted the IRS would notice. Under the §6662(b)(1) accuracy-related penalty, this conduct qualifies as 'disregard' of rules or regulations because disregard is defined as:

A. Any position lacking substantial authority, regardless of the taxpayer's knowledge
B. A mathematical or clerical error made while applying a known regulation
C. Reliance on outdated guidance later superseded by new regulations
D. A careless, reckless, or intentional failure to follow a rule or regulation the taxpayer knew about

62. Rutherford Diaz filed a return reporting zero wages, attaching a statement arguing that wages are not 'income' under the Internal Revenue Code, a position the IRS has repeatedly identified as frivolous. Separate from any accuracy-related or fraud penalty, what flat penalty applies under §6702 for this frivolous submission?

A. $500, assessed only if the position results in an underpayment of tax
B. $5,000, assessed regardless of whether any tax is actually owed
C. 20% of the understatement attributable to the frivolous position
D. 75% of the portion of the underpayment attributable to the position

63. Lena Vasquez requests equitable innocent spouse relief under §6015(f) for a liability not eligible for relief under §6015(b) or (c). In evaluating her request, the IRS weighs multiple nonexclusive factors together rather than requiring any single one to be determinative. Which set below reflects factors the IRS actually weighs in this balancing test?

A. Marital status, economic hardship, knowledge or reason to know, and legal obligation under a divorce decree
B. Filing status only, with all other circumstances treated as irrelevant
C. The requesting spouse's current income bracket exclusively
D. Whether the requesting spouse hired a paid preparer for the joint return

64. An IRS examiner determines that a portion of Tobias Renner's underpayment satisfies both the negligence component and the substantial understatement component of §6662, since the same underreported income triggers each ground independently. How is the accuracy-related penalty applied to that overlapping portion of the underpayment?

A. Both 20% components are added together for a combined 40% penalty

B. The higher-numbered subsection always controls, regardless of the applicable rate

C. Only a single 20% accuracy-related penalty applies to that portion, even though multiple grounds support it

D. The taxpayer chooses which component to be penalized under

65. The IRS establishes by clear and convincing evidence that a portion of Camille Osei's underpayment is attributable to fraud. Under §6663(b), what happens to the remaining, unexamined portion of the same underpayment for penalty purposes?

A. It is automatically excluded from any accuracy-related or fraud penalty

B. The entire underpayment is presumed fraudulent, unless Camille proves otherwise for the remaining portion

C. It is assessed only the ordinary 20% substantial understatement penalty

D. It reverts to the IRS's burden to prove fraud item by item

66. Dashiell Frost engaged in a transaction later determined by the IRS to lack economic substance under the codified doctrine in §7701(o). He argues that he reasonably relied on his accountant's advice and therefore should escape the related accuracy-related penalty. How does the reasonable cause defense apply here?

A. It fully excuses the penalty because reliance on a paid preparer is always reasonable cause

B. It reduces the penalty rate from 40% to 20% automatically

C. It generally does not apply, because the economic substance penalty is imposed on a strict liability basis

D. It applies only if the accountant was an enrolled agent rather than a CPA

67. Ingrid Solano's partnership filed its Form 1065 four months and eleven days after the due date, with no extension and eighteen partners on the schedule. How is the §6698 late-filing penalty for the partnership computed?

A. A single flat penalty regardless of the number of partners or months late

B. 5% of the partnership's gross receipts for each month the return is late

C. A percentage of unpaid tax, since partnerships owe income tax directly

D. A set dollar amount multiplied by the number of partners, multiplied by each month or part of a month late

68. Percival Nakamura's business is found to have intentionally disregarded its obligation to file correct information returns for hundreds of payees, rather than simply failing to file by mistake. Compared to the ordinary §6721 penalty for non-intentional failures, what changes once intentional disregard is established?

A. The per-form annual dollar cap is removed entirely

B. The penalty is eliminated because intentional disregard shifts the matter to criminal court only

C. The penalty is capped at a lower flat amount than the ordinary failure

D. The penalty converts automatically into a §6663 fraud penalty

69. Bridget Callahan's company both failed to file correct Forms 1099 with the IRS and failed to furnish correct copies of those same forms to the payees. How are these two failures treated for penalty purposes?

A. As a single combined failure, penalized once under §6721 only

B. As a single combined failure, penalized once under §6722 only

C. As duplicate filings of the same violation, so only the larger penalty applies

D. As two separate penalty regimes, §6721 for the IRS filing failure and §6722 for the payee statement failure

70. Soren Blackwood submitted a document to the IRS that he knew was false as to a material matter, though it was not a signed return filed under penalties of perjury. Under §7207, how is this offense classified compared to the felony perjury offense under §7206(1)?

A. A felony carrying the identical maximum prison term as §7206(1)

B. A misdemeanor, carrying a lower maximum fine and shorter maximum prison term than §7206(1)

C. A civil penalty only, with no criminal exposure whatsoever

D. An infraction handled exclusively through Tax Court, never criminal court

71. Callisto Renner claimed a tax benefit from a transaction the IRS has designated as a 'listed transaction,' and separately from a transaction lacking a listed designation but structured with a significant purpose of avoiding or evading federal income tax. Which of these positions falls within the scope of the §6662A reportable transaction understatement penalty?

A. Only the listed transaction, since unlisted transactions are never reportable

B. Neither, because §6662A applies only to transactions later found to lack economic substance

C. Both, because §6662A reaches listed transactions and other reportable transactions with a significant tax avoidance purpose

D. Only the unlisted transaction, since listed transactions are penalized exclusively under §6663

72. Emeka Aduba's S corporation filed Form 1120-S two months and nine days late, with no extension and nine shareholders on the schedule. How does the §6699 penalty for a late-filed S corporation return work?

A. A set dollar amount times the number of shareholders, times each month or partial month late.

B. A single flat penalty applies regardless of shareholder count

C. The penalty is based on a percentage of corporate taxable income

D. No penalty applies because S corporations pass income through to shareholders

73. Fiona Larsson took a deduction without consulting any regulation, ruling, or other published guidance; she simply never made an effort to determine whether the deduction was proper before claiming it. Which component of the §6662(b)(1) penalty best describes this conduct, as distinguished from disregard of a known rule?

A. Negligence, because it reflects a failure to make a reasonable attempt to comply with the tax law

B. Disregard, because it required ignoring a specific regulation she had read

C. Fraud, because any unresearched deduction is presumed willful

D. Substantial understatement, because the dollar threshold alone determines this component

74. After the IRS denied his collection due process hearing request, Quentin Marsh submitted a follow-up filing built entirely on arguments the IRS has published as frivolous, aimed at delaying collection rather than raising a legitimate issue. Beyond return filings, what does §6702 also reach?

A. Only original income tax returns, never collection-related submissions

B. Specified frivolous submissions, including certain frivolous collection-related requests.

C. Only submissions made directly to the Tax Court

D. Only amended returns claiming a refund

75. In weighing Anaya Bhatt's request for equitable relief under §6015(f), the IRS considers the economic hardship factor. For this specific factor, what standard determines whether it weighs in Anaya's favor?

A. Whether she would have to reduce discretionary spending on entertainment

B. Whether her income is below the national median for her filing status

C. Whether she would face any decrease in her standard of living whatsoever

D. Whether she would be unable to pay reasonable basic living expenses if held liable

76. Desmond Faulk's underpayment has two distinct portions: one attributable to a substantial valuation misstatement and a separate, unrelated portion attributable to negligence on a different line item. How does the anti-stacking rule under §6662 apply to these two separate portions?

A. The rule combines both portions into one 40% penalty because both grounds exist somewhere on the return

B. The rule eliminates the penalty on both portions entirely

C. Each portion is penalized once at its own applicable rate; only overlapping penalties on the identical dollars are barred from stacking

D. The rule requires the IRS to choose only one portion to penalize and ignore the other

77. The IRS meets its clear and convincing burden to prove fraud for part of Mireille Tran's underpayment, triggering the §6663(b) presumption for the remainder. What standard of proof must Mireille meet to show that a specific remaining portion is not attributable to fraud?

A. Clear and convincing evidence, the same standard the IRS used

B. Proof beyond a reasonable doubt, since fraud is involved

C. No evidentiary showing is required once any part of the underpayment is examined

D. A preponderance of the evidence, a lower standard than the IRS's own burden

78. The IRS assesses the codified economic substance penalty under §7701(o) against Corbin Lachance for an underpayment tied to a transaction lacking economic substance. What determines whether the applicable penalty rate is 20% or 40%?

A. Whether Corbin is an individual or a corporation

B. Whether the relevant facts were adequately disclosed on the return or a required statement

C. Whether the transaction occurred before or after the current tax year

D. Whether the underpayment exceeds $5,000 in total

79. Wilhelmina Foscari's partnership filed its return three months late because a fire destroyed the office server holding the partnership's records, and the managing partner promptly reconstructed the books from bank statements once discovered. Can the partnership avoid the §6698 late-filing penalty?

A. Yes, reasonable cause is available as a defense to the §6698 penalty just as it is for other filing penalties

B. No, §6698 is a strict liability penalty with no reasonable cause defense

C. No, only individual taxpayers may raise reasonable cause, never partnerships

D. Yes, but only if every partner separately files a reasonable cause statement

80. Paid preparer Zosia Bramwell files a client's return but omits her PTIN from the identifying-number field, with no reasonable cause offered for the omission. Under §6695(c), what penalty applies for this failure to furnish an identifying number on the return?

A. No monetary penalty applies; the return is simply rejected until the PTIN is added

B. A penalty calculated as 10% of the preparer's fee for that specific return

C. A specified flat-dollar penalty per failure, subject to an annual maximum

D. The same greater-of flat-dollar-or-10%-of-income penalty used for intentional disregard of information-return filing duties

81. Winifred Sato's business filed every Form 1099 correctly with the IRS but sent payees copies containing incorrect payment amounts. Since the filings with the IRS were correct, does any penalty apply?

A. Yes, §6722 can apply to the incorrect payee statements even though §6721 does not apply to the correctly filed IRS copies
B. No, because §6721 and §6722 always rise or fall together on the same set of facts
C. No penalty applies because only the payee, not the IRS, was affected
D. Yes, but only under §6721, since §6722 duplicates §6721 exactly

82. Talia Rourke submitted an unsigned informational statement to the IRS, not a filed return, containing information she knew was false regarding a material matter. Does §7207 reach this submission even though it was not a signed return filed under penalties of perjury?

A. No, §7207 applies exclusively to signed, filed tax returns
B. No, an unsigned document can never form the basis of any criminal tax charge
C. Yes, §7207 reaches any document, statement, or return known to be false as to a material matter
D. Yes, but only if the statement was also notarized

83. For purposes of the §6662A reportable transaction understatement penalty, the IRS must calculate the 'understatement' attributable to Absalom Grey's listed transaction. How is that understatement amount defined?

A. The total tax shown on the return before any adjustments
B. A flat percentage of Absalom's adjusted gross income for the year
C. The amount of any penalty already assessed under §6662 for the same item
D. The decrease in tax that results from treating the item consistent with its reportable transaction treatment, compared to its proper treatment

84. Juniper Colville's S corporation filed its return by the deadline, but the return omitted required shareholder information the corporation was obligated to include. Can the §6699 penalty apply even though the return was timely filed?

A. No, §6699 applies only to returns filed after the due date
B. Yes, §6699 also applies to a timely return that fails to include required information
C. No, incomplete returns are addressed exclusively through an accuracy-related penalty
D. Yes, but only if the omission was discovered during a criminal investigation

85. Simone Delacroix, a self-employed marketing consultant, notices that her second-quarter estimated tax payment is due just two months after the first installment, while her fourth-quarter payment is due four months after the third. She asks her EA to state the actual, correctly spaced due dates for a calendar-year individual's four estimated tax installments. Which answer is correct?

A. April 15, June 15, September 15, and January 15 — gaps of two, three, and four months between installments
B. April 15, July 15, October 15, and January 15 — four equal three-month quarters
C. March 15, June 15, September 15, and December 15 — four equal three-month quarters
D. April 15, July 15, October 15, and February 15 — three three-month gaps and one four-month gap

86. Tobias Reinhardt is a full-time cattle farmer who receives at least two-thirds of his gross income from farming. His EA explains a special estimated tax rule available to qualifying farmers and fishermen. Which statement correctly describes it?

A. He must still make all four quarterly estimated payments like everyone else
B. He is completely exempt from making any estimated tax payments
C. He must pay the full estimated tax amount by April 15 only
D. He may make one required payment by January 15, or pay in full by March 1 instead

87. Adaeze Nwosu owes $1,850 with her Form 1040 and plans to mail a personal check rather than pay electronically. Her EA tells her to include a specific form along with the check. What is that form's purpose?

A. Form 1040-V authorizes an automatic direct debit from her checking account
B. Form 1040-V is a payment voucher that helps the IRS credit her mailed check correctly
C. Form 1040-V requests an automatic six-month extension of the filing deadline
D. Form 1040-V is used to request a formal installment agreement

88. Felix Yamamoto e-files his return and elects to pay his balance due through direct debit from his checking account, scheduled for the filing deadline. Does he also need to mail Form 1040-V with his payment?

A. Yes, always required with any balance due
B. Yes, but only if paying more than $1,000
C. No, it is unnecessary because the payment is made electronically with no check mailed
D. No, but only if he requests an extension first

89. Corinne Baptiste's e-filed return is rejected with a message stating that a return has already been accepted for her Social Security number this filing season. She confirms she has not previously filed and no one has stolen her identity; her software simply transmitted the same return twice after a glitch. What should her EA do?

A. File Form 14039 immediately, assuming identity theft has occurred
B. Contact the IRS Identity Protection Specialized Unit right away
C. Advise her the IRS will never accept the return; she must paper file
D. Recognize this as a routine duplicate-transmission rejection, correct the transmission error, and resubmit the return

90. Declan Sheahan wants to schedule a series of tax payments well in advance for both his individual and business tax obligations. His EA compares EFTPS with IRS Direct Pay. Which statement correctly distinguishes the two systems?

A. EFTPS requires enrollment and can schedule individual and business payments far in advance; Direct Pay needs no enrollment but only covers individual payments
B. Direct Pay requires advance enrollment and is used to handle business payroll tax deposits, while EFTPS requires no enrollment at all
C. Both systems are entirely identical and fully interchangeable for every single type of federal tax payment made
D. EFTPS applies only to corporations, while Direct Pay applies only to quarterly estimated tax payments for individuals

91. Rosalind Petrov wants to pay her balance due using a credit card through an IRS-approved third-party processor. Her EA explains a key cost difference compared to Direct Pay or EFTPS. What is it?

A. Credit card payments to the IRS are always completely free, just like EFTPS
B. Credit and debit card payments go through third-party vendors that charge a convenience fee
C. Credit card payments can only be made in person at local IRS offices
D. The IRS itself charges the card fee and keeps that revenue directly

92. Bartholomew Chen is a paid preparer who has already furnished each client a copy of their completed return as required. Separate from that duty, what does the recordkeeping requirement of §6107(b) require of him?

A. He must furnish an additional copy of the return directly to the IRS
B. He must retain copies of every return he prepares forever, with no time limit
C. He must retain a complete copy of each return, or a list with specified details, for three years
D. He must retain only the signature page of Form 8879 for three years

93. Ingrid Solheim needs an exact photocopy of her previously filed Form 1040, including all attached schedules, for a legal proceeding. Which form should she file, and what should she expect?

A. Form 4506, which charges a fee per return and can take up to 75 days to process
B. Form 4506-T, which is free and provides a line-item transcript instead of a copy
C. Form 4506-C, which only authorized third-party lenders are permitted to submit and use
D. Form 8821, which authorizes disclosure of information but provides no copies

94. Odette Marchetti only needs a summary of the line items from her prior-year return, not an actual copy, to satisfy a mortgage lender's preliminary request, and she wants to submit the request herself at no cost. Which form fits her need?

A. Form 4506, because a transcript and an exact copy are treated as the same thing

B. Form 2848, which grants a representative power of attorney over her account

C. Form 4506-T, which lets her request a free transcript rather than an exact copy

D. Form 8879, which is only an e-file signature authorization form

95. Desmond Okoro's mortgage lender asks him to sign a consent form so the lender can directly obtain his income transcript data through the IRS's Income Verification Express Service. Which form is used for this specific purpose?

A. Form 4506, which only the taxpayer may submit directly for their own use

B. Form 4506-T, which only the IRS itself is permitted to submit

C. Form 8821, which never involves the actual delivery of a transcript

D. Form 4506-C, designed for authorized IVES participants like lenders with the taxpayer's signed consent

96. Vivienne Castellano asks her EA whether she may direct her federal refund to be deposited into her adult son's bank account rather than her own. What should the EA tell her about this option?

A. The IRS prohibits refunds from being deposited into any account not in the taxpayer's own name

B. She may direct deposit into a third party's account, but does so at her own risk

C. Only married couples filing jointly may split a refund into a third party's account

D. The IRS will independently verify the third party's identity before allowing any deposit

97. Rutger Voss e-files his return, entering his prior-year AGI as $58,400, but the IRS rejects the return because the figure does not match its records. What is the most likely cause of this rejection?

A. His prior-year return was later adjusted, so the AGI on file now differs from what he reported

B. He is a first-time filer with no prior-year return on record at all

C. He used the Practitioner PIN method instead of the Self-Select PIN method

D. His return exceeded the electronic filing threshold that applies to individuals

98. After Rutger Voss's return is rejected for an AGI mismatch, his EA suggests an alternative e-file identity verification method that does not rely on prior-year AGI at all. What is that alternative?

A. Filing Form 8879 instead of signing the return electronically himself

B. Using the Self-Select PIN, entering the five-digit PIN he used the prior year instead of AGI

C. Requesting a new Identity Protection PIN from the IRS by mail

D. Switching entirely to a paper-filed return going forward

99. Amara Osei and her husband file a joint return electronically. The IRS accepts her AGI verification, but the return is still rejected because her husband's prior-year AGI does not match. What does this illustrate about MFJ e-filing?

A. Only the primary taxpayer's identity must be verified on a joint return

B. Spousal AGI becomes irrelevant once the primary taxpayer is verified

C. The return can still transmit successfully with only one spouse verified

D. Each spouse must independently pass identity verification, and a mismatch for either one causes rejection

100. Théo Marchetti files a joint return with his wife, whose portion of their refund the IRS intends to offset entirely because of her separate, pre-marriage student loan debt. Théo wants to protect his own share of the refund attributable to his income and withholding. What should he file?

A. Form 8857, requesting innocent spouse relief from joint tax liability

B. Form 8822, to change their mailing address before any offset occurs

C. Form 8379, to claim his share of the refund apart from her separate debt

D. Form 4506-T, to obtain a transcript proving his own separate income

Answer Key and Explanations — Practice Exam 34, Part 3: Representation, Practices, and Procedures

1. B — Annual Filing Season Program Record of Completion holders have limited representation rights under Circular 230: they may represent clients before revenue agents, customer service representatives, and similar IRS employees, including the Taxpayer Advocate Service, but only for returns they personally prepared and signed. They cannot represent clients before Appeals officers, Collection personnel, or in any matter outside that narrow scope.

2. C — Circular 230 does not impose a U.S. citizenship or residency requirement for enrollment as an enrolled agent; eligibility instead turns on passing the Special Enrollment Examination or qualifying technical IRS experience, an application demonstrating good character and reputation, and current federal tax compliance. Rosalind's foreign citizenship and residence, standing alone, do not disqualify her from applying.

3. D — Under §10.6(d), the IRS may deny a renewal application for reasons such as failing to meet the continuing education requirements or submitting false or misleading statements on the renewal form. Simply changing employers or practicing across industries does not affect renewal eligibility, and drawing CE hours from multiple qualified sponsors is expressly permitted, not penalized.

4. A — Under §10.6(f), a practitioner whose enrollment has expired for failure to timely renew may seek reinstatement within three years by showing good cause and satisfying outstanding CE requirements. Once more than three years have passed since expiration, however, the individual loses that reinstatement path entirely and must apply for enrollment as a brand-new applicant, including retaking the Special Enrollment Examination.

5. C — Section 10.7(c) carves out specific situations where an individual may represent another person before the IRS without being an enrolled practitioner, including representing a member of one's immediate family without compensation. This narrow exception does not require a PTIN, an ethics module, or any limitation to correspondence-only matters; it applies to interviews and other in-person proceedings as well.

6. B — Section 10.8 makes clear that certain Circular 230 obligations, such as the due-diligence standards and requirements governing the signing of returns and giving of advice, apply to anyone who prepares tax returns for compensation, not only to enrolled practitioners eligible to represent clients. Bartholomew remains subject to these preparer-focused duties even though he lacks representation authority.

7. D — Section 10.20(a) requires a practitioner to promptly submit records or information properly and lawfully requested by an IRS officer or employee, unless the practitioner believes in good faith and on reasonable grounds that the request is improper or that the material is privileged. Setting a proper request aside for months without such grounds violates this duty.

8. A — Under §10.21, a practitioner who learns a client failed to comply with the revenue laws, or made an error or omission on a return, must promptly advise the client of that fact and explain the consequences. This is a disclosure duty, not a mandate to amend the return or independently notify the IRS.

9. C — Section 10.23 requires practitioners not to unreasonably delay the prompt disposition of any matter pending before the IRS. Repeatedly seeking extensions and stalling responses without good cause directly implicates this duty. It is a distinct, enforceable obligation — not merely aspirational language, not a conflict-of-interest issue, and unrelated to CE-cycle tolling.

10. A — Section 10.32 places an affirmative duty on practitioners to keep informed of the provisions of Circular 230. Failing to periodically review updates to the regulations is not a valid defense to noncompliance; the obligation to stay current rests with the practitioner, and the IRS is not required to individually notify each practitioner before enforcing a rule.

11. B — Among the elements of best practices under §10.33, practitioners should communicate clearly with the client about the terms of the engagement, including its scope and the form and effect of any advice given. Wilhelmina's failure to clarify her services falls squarely within this specific element, distinct from factual analysis or IRS-facing conduct.

12. D — Circular 230 §10.51(a) expressly lists knowingly assisting, or accepting assistance from, a person who is disbarred or suspended from practice before the IRS as disreputable conduct subject to discipline. By letting Reggie continue to sign returns and interact with the IRS on client matters, Thaddeus directly engages in this prohibited conduct, not permissible delegation or supervision.

13. A — Circular 230 §10.51(a) enumerates misappropriation of funds received from a client for the purpose of payment of taxes as disreputable conduct warranting suspension or disbarment. Diverting money a client earmarked for estimated tax payments into a firm's operating account, regardless of later repayment intentions, falls squarely within this prohibited category and is not merely a recordkeeping issue.

14. B — Circular 230 §10.51(a) lists a practitioner's willful failure to file their own federal tax return, when they had taxable income requiring one, as grounds for discipline. OPR's jurisdiction extends to this personal conduct even though it does not involve client work, because it reflects directly on the practitioner's fitness to practice before the IRS.

15. D — Circular 230 §10.51(a) treats soliciting employment through false, fraudulent, or coercive statements, or through misleading or deceptive advertising, as disreputable conduct. A guarantee of a specific outcome, such as claiming penalty abatement in every case, is precisely the kind of misleading claim this provision targets, distinct from the fee-duration, position-standards, or conflict-of-interest rules found elsewhere.

16. C — Section 10.36 requires those with principal authority over a firm's tax practice to take reasonable steps to ensure the firm has adequate procedures for firm-wide compliance with Circular 230. A recurring pattern of due-diligence failures across multiple preparers can itself signal that existing procedures are inadequate, triggering an obligation to strengthen them rather than one preparer bearing sole responsibility.

17. D — Section 10.50(a) grants the IRS general authority, after notice and an opportunity for a proceeding, to censure, suspend, or disbar a practitioner who violates any Circular 230 provision. These three sanctions form the foundational disciplinary toolkit, distinct from the separate monetary penalty authority under §10.50(c). No coursework mandate or automatic state referral substitutes for this core authority.

18. C — Section 10.51(a) treats a practitioner's own willful failure to file a required federal tax return in four of the preceding five years as disreputable conduct, regardless of whether any additional tax is owed. This standard targets a documented pattern, not a single oversight, and applies to the practitioner's personal filing obligations, not merely client-related failures.

19. A — Section 10.51(a) classifies knowingly giving false or misleading information to the Department of the Treasury, or to any officer or employee, as disreputable conduct. Submitting a fabricated document to a revenue agent during an examination falls squarely within this category, and OPR may pursue discipline regardless of whether the underlying deduction is ultimately disallowed.

20. B — Section 10.52(b) provides that a violation of §§10.34, 10.35, 10.36, or 10.37 supports a sanction only when the practitioner acted willfully, recklessly, or with gross incompetence. Ordinary negligence alone does not meet this heightened threshold, which distinguishes serious misconduct warranting discipline from good-faith professional judgment errors made in the course of representation.

21. D — Section 10.62 requires a complaint to give a plain and concise description of the facts and law forming the basis of each alleged violation, and it must also notify the respondent of the right to file a written answer and the specific time period within which that answer must be filed.

22. B — Under §10.67, the Office of Professional Responsibility is represented at the hearing by an attorney or other representative designated by the Director of OPR, distinct from any IRS employee who conducted the underlying investigation. This ensures the presenting official has authority to act on OPR's behalf throughout the administrative proceeding.

23. A — Section 10.75 provides that an ALJ's initial decision becomes the final decision of the Secretary of the Treasury 30 days after it is served on the parties, unless a timely appeal is filed. Because neither party appealed, Corbin's suspension automatically ripens into a binding final disciplinary decision without further Treasury action.

24. C — Section 10.82 authorizes OPR to institute expedited suspension proceedings, bypassing the standard formal complaint process, when a practitioner violates the conditions of a probation previously imposed as a disciplinary sanction. This streamlined mechanism allows swift action to protect tax administration without requiring OPR to relitigate the underlying original violation, and the practitioner may later petition to demonstrate compliance.

25. D — Section 10.82 permits OPR to institute an expedited suspension based on a licensing authority's suspension notice itself, without waiting for state appeals to conclude. Because the underlying action already establishes probable cause of misconduct, Corbin may request a post-suspension hearing to contest the expedited action while the state appeal proceeds separately.

26. A — Under §10.51(a), conviction of any criminal offense under Title 26, including willfully aiding in the preparation of a false return under §7206(2), constitutes disreputable conduct supporting discipline. The conviction itself is sufficient grounds regardless of sentence length, and OPR may institute proceedings independent of any separate state bar action, and no minimum incarceration term is required to trigger the sanction.

27. B — Section 10.51(a) identifies directly or indirectly attempting to influence an IRS officer or employee through threats, false accusations, duress, coercion, bribery, or the offer of any benefit as disreputable conduct. Offering payment to a revenue officer to alter a collection outcome falls squarely within this category, regardless of whether the officer accepted.

28. C — Section 10.51(a) treats knowingly aiding and abetting another person's practice before the IRS in violation of Circular 230's regulations as disreputable conduct by the practitioner who enables it. Allowing a revoked individual to sign representation documents in the firm's name exposes Renata to discipline independent of any action against that individual.

29. B — Under §10.51(a), contemptuous conduct in connection with practice before the Internal Revenue Service, such as abusive, threatening, or disruptive language directed at an IRS officer, constitutes disreputable conduct. A single documented incident during an official conference is sufficient; the standard does not require a repeated pattern before OPR may act.

30. A — Section 10.75 states that an initial decision does not become final while a timely appeal to the Treasury's designated appellate authority remains pending. Fenwick's disbarment recommendation stays under review rather than taking automatic effect, preserving the right to a full merits determination before any sanction becomes binding, and the underlying suspension or censure similarly remains stayed during that review.

31. D — Section 10.62 requires a complaint to specify the particular sanction OPR is seeking, whether censure, suspension, or disbarment, in addition to the plain description of the alleged facts and law violated. This gives the practitioner clear notice of the stakes before preparing an answer or deciding whether to request a hearing.

32. C — Filing a new Form 2848 for the same tax matters and periods automatically revokes any earlier power of attorney on file for those matters, since only one authorization governs a given matter at a time. To preserve a prior representative's authority alongside the new filing, the taxpayer must attach a statement expressly retaining it; no separate revocation form is required.

33. C — When a taxpayer names multiple representatives on one Form 2848, each individually holds full authority to act on the taxpayer's behalf unless the form expressly limits that authority. Dupont therefore needed no countersignature or consent from Walsh before requesting the extension, since co-listed representatives generally hold independent, coequal authority rather than authority that must be exercised jointly.

34. D — A Form 8821 disclosure authorization is confined exactly to the tax matters, forms, and periods entered on the form itself, and it grants no ongoing or blanket access to unrelated years or entities. Because Solberg's authorization named only her 2023 Form 1040, mailing 2021 partnership examination correspondence to Aabo without a new authorization improperly discloses protected return information.

35. B — Examiners are responsible for determining the correct tax liability by applying the law to the facts they develop during an audit; they hold no delegated authority to compromise or negotiate a percentage settlement of a disputed issue. That discretionary settlement authority rests exclusively with the Office of Appeals, which is why O'Sullivan properly directed Reyes toward an Appeals conference.

36. A — The Office of Appeals may accommodate a taxpayer's documented travel hardship by transferring the case file to an Appeals office nearer the taxpayer's location or by conducting the conference through telephone or virtual conferencing instead of in person. This flexibility helps ensure a taxpayer is not denied a meaningful hearing simply because of the distance from the assigned office.

37. C — The right to a fair and just tax system is the tenth Taxpayer Bill of Rights protection, entitling taxpayers to expect that the IRS will consider individual facts and circumstances, including financial hardship, that affect their liabilities or ability to pay or provide information. It also guarantees access to assistance, such as the Taxpayer Advocate Service, when needed.

38. B — When an examiner reviews a return and determines that no changes to the reported tax liability are warranted, the case is closed by issuing a no-change letter notifying the taxpayer that the examination has concluded with no proposed adjustment. This differs from a thirty-day letter or a statutory notice, both of which are issued only when adjustments are proposed.

39. A — When a taxpayer signs a consent to the examiner's proposed adjustments, such as Form 870, and agrees with the findings, the case closes administratively as an agreed case. Because the taxpayer has waived the restriction on immediate assessment, no statutory notice of deficiency is needed, and the matter does not proceed further to the Office of Appeals or Tax Court.

40. D — When a field examiner and a taxpayer's representative disagree about how the law applies to an unusual or unsettled issue during an ongoing exam, either party may request technical advice from the IRS National Office. The resulting Technical Advice Memorandum addresses only that case's specific facts and binds the examination team, unlike a private letter ruling covering future transactions.

41. C — To recover litigation costs under the Equal Access to Justice Act, an individual taxpayer must show both that the IRS's position was not substantially justified and that the taxpayer's net worth did not exceed two million dollars when the civil action was filed. A higher seven-million-dollar threshold, along with an employee-count limit, applies to businesses rather than individuals.

42. A — Circular 230 prohibits a practitioner from knowingly making a false or misleading statement to the IRS on a client's behalf. Reinholt must refuse to relay the false claim about cash payments, explain the professional and legal consequences to Moretti, and, if she insists on presenting false information to the examiner, be prepared to withdraw from the representation entirely.

43. B — Holding a Form 2848 does not by itself authorize a representative to sign a taxpayer's return. A representative may sign only in limited situations, such as when illness, absence, or other good cause prevents the taxpayer from signing personally, and even then specific written authorization identifying the reason generally must accompany the return or be obtained from the IRS beforehand.

44. D — Form 2848 explicitly excludes the authority to endorse or otherwise negotiate a taxpayer's refund check, even when broad representation authority is granted for other matters. A representative wanting any role in handling a refund check needs separate, specific authorization, and Circular 230 further restricts practitioners from endorsing or cashing a client's refund check under most circumstances.

45. D — A Form 2848 grants broad authority to represent a taxpayer, but signing a closing agreement under §7121 is not covered by that general grant. Because a closing agreement conclusively and permanently resolves the matter for both parties, the representative needs specific additional authorization from the taxpayer before executing Form 906 on the taxpayer's behalf.

46. C — The right to privacy is a Taxpayer Bill of Rights protection ensuring that any IRS inquiry, examination, or enforcement action is no more intrusive than necessary and respects applicable due-process protections. Requesting documentation or pursuing questioning far beyond what is needed to verify the specific issues under review would directly implicate and violate this protection.

47. A — Fresh Start raised the general lien-filing threshold so the IRS typically does not file a Notice of Federal Tax Lien against an individual for balances under $10,000 without supervisory sign-off, reducing filings on smaller liabilities. This does not eliminate lien authority; once a balance exceeds the threshold or risk factors exist, ordinary case-processing standards again govern the filing decision.

48. B — A taxpayer requesting a CDP hearing on Form 12153 selects among correspondence, telephone, or an in-person conference, and Appeals generally honors that election in scheduling. This flexibility recognizes that many taxpayers cannot travel to an IRS office. Appeals is not restricted to one fixed format, and neither attorney representation nor Chief Counsel scheduling limits the option a taxpayer chooses.

49. B — A guaranteed installment agreement is available as a matter of right when the liability is under $10,000, the taxpayer has filed all required returns, and the balance will be fully paid within three years while staying current going forward. Marisol meets each condition here, so the IRS cannot exercise discretion to deny the agreement once she formally requests it.

50. D — Seizing tangible property like a vehicle is a distinct process from a bank levy: the officer documents the seizure on Form 2433 and must give notice of an impending sale, including minimum bid procedures, before the asset is sold. A bank levy simply reaches funds on deposit, with no comparable seizure or sale paperwork involved.

51. C — Currently Not Collectible status is not permanent; the IRS periodically reviews hardship accounts, often through automated income matching, and resumes active collection once circumstances improve enough that the taxpayer can pay. The underlying liability and any existing lien remain in place throughout, and CNC status never itself extinguishes the debt or converts it into a permanently uncollectible classification.

52. A — Notices of Federal Tax Lien filed on Form 668(Y) print a self-release date tied to the collection statute expiration date. Under section 6325(a), the lien automatically self-releases on that date without any further IRS filing, certificate, or taxpayer request, provided the statute was never extended or suspended. This feature avoids requiring a separate release document in routine, unextended cases.

53. A — A section 6020(b) substitute for return lets the IRS assess tax from available third-party income data and pursue collection even though the taxpayer never filed. Because Wendell supplied no substantiation, the SFR typically uses single filing status and omits deductions, exemptions, or credits he has not proven, often producing a higher liability than a properly prepared original return would show.

54. D — A certificate of discharge under section 6325(b) removes the lien's attachment to one specific property, commonly to permit a closing, while the liability and lien on Odalys's other assets remain intact. The IRS's interest ordinarily shifts to net sale proceeds instead. This differs from subordination, which only reorders priority, and withdrawal, which removes the public filing entirely.

55. C — Section 7602(c) requires the IRS to give reasonable advance notice, generally through Publication 1, that it may contact third parties such as clients or associates to collect a liability. This safeguard protects Thaddeus's reputation and business relationships. No court order or written consent is required, and the notice duty is not eliminated merely because a levy notice already issued.

56. B — Reasonable collection potential combines two components: the net realizable equity Yolanda holds in assets such as real estate, vehicles, and accounts, plus her future income available after allowable living expenses over a limited number of months. This combined figure represents the maximum realistically collectible and sets the floor the IRS generally requires her offer amount to meet or exceed.

57. D — Innocent spouse relief under section 6015 protects a spouse from joint and several liability for an understatement attributable to the other spouse, when the requesting spouse did not know and had no reason to know of the error. This differs from injured spouse relief, which instead addresses allocating a joint refund applied against the other spouse's separate, pre-existing debt.

58. A — Filing bankruptcy triggers an automatic stay halting most IRS collection activity, including levies and lien enforcement, while Gunnar's case is pending. Because the IRS cannot pursue collection then, section 6503(h) tolls the ten-year collection statute for the stay's duration plus an additional six months, preserving the IRS's ability to collect once the stay lifts rather than letting the statute expire.

59. B — Form 656 generally requires a nonrefundable fee submitted with the offer, but the IRS waives it for taxpayers whose income falls at or below the published low-income certification guidelines. This exception keeps the fee from blocking financially struggling taxpayers like Nadia from applying, and it applies whether the offer rests on collectibility, liability, or effective tax administration.

60. C — The Automated Collection System handles the large volume of accounts involving straightforward, lower-complexity balances through telephone and correspondence, reserving field revenue officer assignment for cases needing in-person investigation, significant assets, or enforcement history. Omar's account, being modest and uncomplicated, fits the profile ACS is designed to resolve efficiently without the added expense of dedicating a revenue officer to the case.

61. D — Under §6662(b)(1), 'disregard' of rules or regulations means a careless, reckless, or intentional failure to follow a rule the taxpayer knew or should have known. Because Odessa read the regulation and deliberately ignored it, her conduct meets this standard rather than mere negligence. Negligence and disregard are separate triggers within the same 20% accuracy-related penalty component.

62. B — Section 6702 imposes a flat $5,000 civil penalty on a return or submission reflecting a position the IRS has identified as frivolous, or that reflects a desire to delay or impede tax administration. The penalty applies regardless of whether the position produces an actual underpayment, distinguishing it from percentage-based accuracy or fraud penalties tied to a dollar amount owed.

63. A — Equitable relief under §6015(f), per Rev. Proc. 2013-34, applies a nonexclusive, multi-factor balancing test that includes marital status, economic hardship, knowledge or reason to know of the item, and legal obligation to pay under a divorce instrument. No single factor controls; the IRS weighs all relevant circumstances together to decide whether holding the spouse liable is inequitable.

64. C — Section 6662 penalties do not stack. When more than one component of the accuracy-related penalty applies to the same portion of an underpayment, only a single 20% penalty is imposed on that portion, not a cumulative or doubled rate. Stacking is avoided even though the negligence and substantial understatement grounds are independently satisfied for the same dollars.

65. B — Once the IRS proves fraud for any part of an underpayment, §6663(b) presumes the entire underpayment is attributable to fraud. The burden then shifts to the taxpayer to establish, for any remaining portion, that it is not attributable to fraud. This presumption spares the IRS from having to prove fraud line by line across the whole liability.

66. C — The penalty for underpayments attributable to a transaction lacking economic substance under §7701(o) is generally imposed on a strict liability basis. Unlike most accuracy-related penalties, the reasonable cause and good faith defense under §6664(c) is not available for these penalties, so reliance on professional advice does not excuse Dashiell from the penalty regardless of his good faith.

67. D — Section 6698 penalizes a partnership for a late-filed return using a set dollar amount per partner, multiplied by the number of months or partial months the return is late, up to twelve months. Because the partnership itself owes no income tax, the penalty is structured around partner count and lateness rather than a percentage of unpaid tax.

68. A — Ordinary §6721 failures carry a per-form penalty subject to an annual dollar cap. Once intentional disregard is established, that annual cap no longer applies, and the penalty is calculated as the greater of a specified flat amount per failure or 10% of the aggregate amount required to be correctly reported, producing far greater exposure than an inadvertent failure.

69. D — Sections 6721 and 6722 are independent penalty regimes covering different obligations: §6721 penalizes failing to file a correct information return with the IRS, while §6722 penalizes failing to furnish a correct payee statement to the recipient. Because Bridget's company failed at both obligations, both penalties can apply separately to the same underlying reporting failure.

70. B — Section 7207 makes it a misdemeanor to willfully deliver or disclose to the IRS any document known to be fraudulent or false as to a material matter. It carries a lower maximum fine and shorter maximum prison term than the felony perjury offense under §7206(1), reflecting that §7207 reaches false documents generally, not only returns signed under penalties of perjury.

71. C — The §6662A reportable transaction understatement penalty applies to understatements attributable to listed transactions and to other reportable transactions that have a significant purpose of avoiding or evading federal income tax. Both categories fall within its scope, so Callisto's benefit from either transaction type can trigger the penalty, provided the other statutory requirements for an understatement are met.

72. A — Section 6699 penalizes a late-filed S corporation return using a set dollar amount per shareholder, multiplied by the number of months or partial months the return is late, up to twelve months, mirroring the partnership penalty structure under §6698. Because S corporations generally pass income through rather than paying entity-level tax, the penalty is tied to shareholder count and lateness.

73. A — Negligence under §6662(b)(1) covers a failure to make a reasonable attempt to comply with tax law provisions, without reference to any particular known rule. Disregard requires ignoring a specific rule or regulation the taxpayer knew about. Because Fiona never researched the issue at all, her conduct fits the negligence prong rather than the disregard prong of the same penalty component.

74. B — Section 6702 is not limited to original returns; it also applies to specified frivolous submissions, which can include certain collection-related filings raising positions the IRS has identified as frivolous or intended to delay or impede tax administration. Because Quentin's follow-up filing fits that description, it can independently trigger the flat penalty separate from any return-related violation.

75. D — The economic hardship factor in the §6015(f) equitable relief analysis asks whether the requesting spouse would be unable to pay reasonable basic living expenses, such as housing, food, and medical care, if held liable for the underlying tax. A mere reduction in discretionary spending or general inconvenience does not meet this standard; genuine inability to meet basic needs is required.

76. C — The anti-stacking rule prevents multiple accuracy-related penalty components from compounding on the same dollars of underpayment, not from penalizing separate, unrelated portions of an underpayment individually. Because Desmond's valuation misstatement and negligence relate to different portions, each portion is penalized once at its own applicable rate, without the rates combining into a higher blended percentage.

77. D — Once the IRS proves fraud for part of an underpayment by clear and convincing evidence, §6663(b) presumes the whole underpayment is fraudulent. To rebut that presumption for a specific remaining portion, the taxpayer need only meet a preponderance of the evidence standard, which is a lower bar than the clear and convincing standard the IRS carried for the fraud portion.

78. B — The penalty rate under §7701(o) and the related accuracy-related penalty structure is 20% for an underpayment adequately disclosed on the return or an attached statement, and 40% where the relevant facts are not adequately disclosed. Because Corbin's disclosure status determines the applicable rate, the taxpayer's entity type and the size of the underpayment do not control which rate applies.

79. A — The §6698 late-filing penalty for partnerships, like most late-filing penalties, is subject to a reasonable cause defense. A partnership that shows the failure resulted from circumstances beyond its control, such as records destroyed in a fire that were promptly reconstructed, can avoid the penalty. Reasonable cause is evaluated at the partnership level, not through individual partner statements.

80. C — Section 6695(c) imposes a specified flat-dollar penalty on a preparer for each failure to furnish an identifying number, such as a PTIN, on a return or claim for refund as required. Like other §6695 preparer penalties, the amount is a per-failure flat dollar figure subject to an annual cap, avoidable by showing reasonable cause.

81. A — Sections 6721 and 6722 operate independently. Because Winifred's business filed correct information returns with the IRS, §6721 does not apply to those filings, but the incorrect payee statements can still trigger a separate §6722 penalty. The two penalty regimes do not rise or fall together; each is measured against its own separate filing or furnishing obligation.

82. C — Section 7207 covers any document, statement, or return delivered to the IRS that the person knows to be fraudulent or false as to a material matter, not only returns signed under penalties of perjury. Because Talia's statement contained knowingly false material information submitted to the IRS, it falls within the statute's broader document scope regardless of its unsigned, informal format.

83. D — Under §6662A, the understatement is measured as the decrease in tax that results from the way the reportable transaction item was treated on the return, compared to the tax that would result if the item were given its proper treatment. It is not simply total tax reported, a percentage of income, or another penalty already assessed on the item.

84. B — Section 6699 penalizes an S corporation not only for filing its return late, but also for filing a return that fails to show the information required to be shown, including required shareholder information. Because Juniper's corporation omitted required information despite timely filing, the penalty can still apply based on the incompleteness of the return itself.

85. A — The four estimated tax due dates for a calendar-year individual are April 15, June 15, September 15, and January 15 of the following year. Despite the label 'quarterly,' the gaps are uneven: two months between the first and second payments, three months between the second and third, and four months between the third and fourth installments.

86. D — A taxpayer who receives at least two-thirds of gross income from farming or fishing qualifies for a special rule: instead of four quarterly installments, they may make one estimated payment by January 15 of the following year, or avoid estimated payments altogether by filing the return and paying the full balance due by March 1.

87. B — Form 1040-V, Payment Voucher, is a statement taxpayers include when mailing a check or money order for a balance due. It has no effect on filing deadlines or extensions; it simply provides the

IRS with taxpayer identifying information so the payment is properly and promptly credited to the correct account and tax year.

88. C — Form 1040-V is designed solely to accompany a paper check or money order mailed to the IRS. When a taxpayer pays electronically, such as through direct debit authorized on an e-filed return, Direct Pay, EFTPS, or a debit or credit card, there is no mailed payment to identify, so the voucher serves no purpose and is not used.

89. D — A 'duplicate return' rejection can occur simply because the same return was transmitted more than once, such as after a software error, not just from identity theft. Before assuming fraud, the preparer should confirm no unauthorized return was filed, correct any transmission issue, and resubmit or verify acceptance status rather than automatically filing an identity-theft affidavit.

90. A — EFTPS (Electronic Federal Tax Payment System) requires advance enrollment but allows both individual and business payments to be scheduled up to 365 days in advance. IRS Direct Pay requires no enrollment and is free and immediate for individual payments, but it does not handle business tax deposits and offers a shorter scheduling window.

91. B — The IRS does not process credit or debit card payments directly; it uses approved third-party payment processors, which charge a convenience fee (a flat fee for debit cards or a percentage-based fee for credit cards). By contrast, IRS Direct Pay and EFTPS move funds directly from a bank account at no cost to the taxpayer.

92. C — Separate from the duty to furnish the taxpayer a copy, §6107(b) requires a paid preparer to keep, for three years after the close of the return period, either a complete copy of each return prepared or a list showing the taxpayer's name, identification number, tax year, and type of return, available for IRS inspection.

93. A — Form 4506, Request for Copy of Tax Return, is used to obtain an exact photocopy of a previously filed return, including attachments. Unlike transcript requests, it requires payment of a fee for each tax period requested and can take up to 75 days to process, making it the appropriate but slower and costlier option.

94. C — Form 4506-T, Request for Transcript of Tax Return, allows a taxpayer to obtain a free transcript summarizing return line items, such as a Return Transcript, Account Transcript, Record of Account, or Wage and Income Transcript, without the fee or lengthy processing time associated with requesting an exact copy of the return itself.

95. D — Form 4506-C is used within the Income Verification Express Service (IVES) program, allowing authorized third parties such as mortgage lenders to request a taxpayer's transcript directly from the IRS. The taxpayer must sign consenting to the disclosure, distinguishing it from Form 4506-T, which a taxpayer typically submits for their own use.

96. B — The IRS permits a taxpayer to direct a refund into an account not in their own name, but it is the taxpayer's decision made at their own risk. Once a refund is deposited per the account and routing numbers provided, the IRS is not responsible for tracing, recovering, or resolving disputes over misdirected or misappropriated funds.

97. A — An AGI-mismatch rejection commonly occurs because the AGI figure on file with the IRS differs from the amount the taxpayer originally reported, for example after an amended return, IRS math-error correction, or late-filed original return processed differently. The taxpayer should verify the AGI actually reflected in IRS records rather than assume the number originally filed is still current.

98. B — When prior-year AGI cannot be verified or does not match IRS records, a taxpayer who used the Self-Select PIN method the previous year may instead enter that prior-year five-digit PIN to authenticate identity. Either the prior-year AGI or the prior-year Self-Select PIN, not both, is needed to electronically sign the current return.

99. D — For a jointly filed electronic return, both the primary and secondary taxpayer must each independently pass identity verification, whether through matching prior-year AGI or a valid Self-Select PIN. A mismatch for either spouse, even if the other spouse's information is correct, results in the entire return being rejected until corrected.

100. C — Form 8379, Injured Spouse Allocation, allows a spouse on a joint return to reclaim their share of a refund that would otherwise be seized to satisfy the other spouse's separate past-due debt, such as a pre-marriage student loan. It differs from innocent spouse relief, which instead addresses liability for understated tax on a joint return.