PRACTICE EXAM 35: 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. Rosalind Ferrante wants to represent her elderly father, Vittorio Ferrante, before the IRS regarding a proposed adjustment to his Form 1040. Rosalind is not an attorney, CPA, or enrolled agent. Under Circular 230 §10.7(c)(1)(ii), which of the following is true?

A. Rosalind cannot represent her father at all unless she becomes an enrolled agent.
B. Rosalind may represent her father only after she first obtains a valid PTIN.
C. Rosalind may represent her father only with prior written approval from the IRS.
D. Rosalind may represent her father because immediate family members may represent one another without enrollment.

2. Corwin Blaise is the Chief Financial Officer of Larkin Vance Logistics. He wants to represent the corporation before an IRS revenue agent during an examination of the corporate return, without hiring an attorney, CPA, or enrolled agent. Under Circular 230, may Corwin do this?

A. Yes, a bona fide officer of a corporation may represent that corporation before the IRS.
B. No, only an attorney or CPA retained by the corporation may appear before the IRS.
C. No, corporate representation always requires an enrolled agent regardless of the individual's role.

D. Yes, but only if Corwin first obtains a PTIN specifically for corporate representation.

3. Bettina Okonjo, a bookkeeper with no attorney, CPA, or EA credential, wants to represent a taxpayer in an unusual situation where no eligible practitioner is reasonably available. She asks the IRS for permission to appear on the taxpayer's behalf for that one matter. Under §10.7(a), how may this be authorized?

A. Bettina may never appear before the IRS under any circumstances, regardless of availability.
B. The Director of OPR may authorize her special appearance for that one matter only.
C. Any IRS revenue agent may verbally authorize Bettina's appearance without written documentation or approval.
D. Bettina automatically qualifies to appear once she completes one approved continuing education course.

4. Henrik Solberg, a Norwegian citizen who resides in Oslo, wishes to become an enrolled agent by passing the Special Enrollment Examination. He is not a U.S. citizen and does not hold a U.S. state professional license. Under Circular 230, is Henrik eligible to apply for enrollment?

A. No, only U.S. citizens residing within the United States may become enrolled agents.
B. No, an applicant must first hold a state-issued CPA or attorney license.
C. Yes, Circular 230 does not require U.S. citizenship or residency to become an enrolled agent.
D. Yes, but only after obtaining sponsorship from a currently practicing enrolled agent.

5. Camille Duffield's enrollment renewal cycle ended, but she never received the renewal notice the IRS typically mails to enrolled agents because she had moved. Camille argues she should be excused from the renewal deadline since she never received notice. Under Circular 230, is this argument valid?

A. Yes, non-receipt of a renewal notice always extends the filing deadline automatically.
B. Yes, but only if Camille can prove the postal service lost the notice.
C. No, the responsibility to timely renew belongs to the practitioner regardless of notice receipt.
D. No, but the IRS must grant a full new three-year cycle as a remedy.

6. Nadia Presley, an enrolled agent, relocated her practice to a new city three weeks ago. She has updated her CAF address for existing client power-of-attorney forms but has not yet notified the IRS of her own address change as a practitioner. Under Circular 230, what is Nadia's obligation?

A. No separate notification is required once CAF records for clients are current.
B. Nadia must notify the IRS of her practitioner address change within the required time.
C. Nadia only must notify the IRS at her next scheduled renewal filing.
D. Nadia must notify her state licensing board instead of the IRS directly.

7. Julian Ashcombe is a CPA licensed and in good standing in Oregon. A client based in Florida wants Julian to represent her before the IRS during an audit conducted by a Florida-based revenue agent. Julian holds no Florida CPA license. May Julian represent this client?

A. No, Julian must obtain a Florida CPA license before representing a Florida-based client.
B. No, only a CPA licensed in the taxpayer's home state may represent that taxpayer.
C. Yes, but only after Julian also becomes enrolled as an enrolled agent.
D. Yes, good standing in one state qualifies a CPA to practice before the IRS nationwide.

8. While preparing Genevieve Boileau's current-year return, enrolled agent Roland Faust discovers that her prior-year return omitted a significant amount of rental income. Under Circular 230 §10.21, what is Roland's duty regarding this discovery?

A. Roland must promptly advise Genevieve of the omission and the consequences under the tax law.
B. Roland must immediately file an amended prior-year return without consulting Genevieve first.
C. Roland must report the omission directly to the IRS Whistleblower Office within 30 days.
D. Roland has no duty at all because the omission occurred on a prior engagement.

9. An enrolled agent argues that because she generally follows the Best Practices for Tax Advisors described in Circular 230 §10.33, she cannot be disciplined for any conduct related to those best practices. Is this understanding accurate?

A. Not entirely; §10.33 best practices are aspirational and not independently sanctionable on their own.

B. Yes, §10.33 compliance is a complete legal shield against any Circular 230 discipline.

C. No, §10.33 best practices carry the same mandatory force as the §10.34 disclosure rules.

D. No, failing to follow §10.33 automatically results in immediate suspension of enrollment status.

10. Larkin & Vance Tax Advisors employs several enrolled agents and CPAs. Under Circular 230 §10.36, what obligation applies to the practitioner with principal authority over the firm's tax practice?

A. No firm-wide obligation exists; each practitioner is solely responsible for personal compliance only.

B. The principal must personally review every return the firm prepares before filing.

C. The principal must take reasonable steps to ensure the firm has adequate procedures for compliance.

D. The principal must report the firm's procedures to OPR annually for approval.

11. Wynne Castellan, a U.S. citizen living abroad, is being interviewed by IRS personnel stationed outside the United States. No attorney, CPA, or enrolled agent is readily available in that location. His neighbor, Prosper Anand, who holds none of these credentials, offers to represent him at the interview. Is this permitted?

A. No, representation before overseas IRS personnel is never permitted for any individual.

B. No, Wynne must instead postpone the interview until a credentialed practitioner becomes available.

C. Yes, but only if Prosper first registers as a limited-scope preparer with the IRS.

D. Yes, Circular 230 allows this limited representation when no credentialed practitioner is reasonably available.

12. Marguerite Sallow tells a colleague that her authority to practice before the IRS as an enrolled agent comes from her state's licensing board, the same way a CPA's authority does. Is Marguerite's understanding correct?

A. Yes, enrolled agent status comes from the state board of accountancy in her state.

B. No, enrolled agent status is a federal credential from the IRS, not any state board.

C. Yes, but only in states that have adopted the Uniform Enrolled Agent Act.

D. No, enrolled agent status instead requires a law license issued by a state bar.

13. IRS officer Ottavia Renwick properly requests records from enrolled agent Tobias Kirkwood regarding Tobias's own conduct in a matter under investigation. Tobias believes, in good faith and on reasonable grounds, that the request is of doubtful legality. Under Circular 230 §10.20(a), what may Tobias do?

A. Tobias must comply immediately regardless of any doubt about the request's legality.

B. Tobias must refuse outright and report the officer to the Treasury Inspector General.

C. Tobias must comply only after obtaining a court order compelling production.

D. Tobias may decline to submit the records based on his good-faith belief of doubtful legality.

14. Enrolled agent Fenella Vantongeren represents a client whose civil tax audit has been referred to the IRS Criminal Investigation division. She wants to continue representing the client in the criminal proceeding using her EA credential. Is this permitted?

A. Yes, an enrolled agent's authority automatically extends to any criminal tax proceeding.

B. Yes, provided Fenella completes an additional criminal-procedure continuing education course first.

C. No, enrolled agent authority under Circular 230 is limited to civil tax administration matters.

D. No, but Fenella may continue if the client signs an expanded consent form.

15. Graziella Fenwick is an attorney whose state bar license was suspended six months ago for a matter unrelated to tax practice. She still wants to represent a client before the IRS using her attorney status under Circular 230 §10.3(a). May she do so?

A. Yes, a suspended license has no bearing on eligibility to practice before the IRS.

B. No, an attorney must remain currently in good standing to practice before the IRS.

C. Yes, provided the suspension is unrelated to any tax matter or IRS proceeding.

D. No, but she may practice before the IRS instead as an enrolled agent automatically.

16. Emeric Dobrescu, an enrolled agent, did not represent any clients or engage in any tax practice during his most recent three-year enrollment cycle. He assumes he does not need to file a renewal application since he had no practice activity to report. Is Emeric's assumption correct?

A. No, a renewal application must be filed for the cycle regardless of practice activity.

B. Yes, renewal is required only for enrolled agents who actively practiced during the cycle.

C. Yes, inactivity during a cycle automatically extends the enrollment without any filing.

D. No, but only practitioners earning below a certain income threshold must file.

17. Nadia Thornbury, an enrolled agent, prepares a written opinion for a client on the tax treatment of a complex like-kind exchange. Nadia knows the position lacks any reasonable legal basis but issues the opinion anyway because the client insists on it. Under §10.51(a)(11), Nadia's conduct constitutes:

A. Incompetence and disreputable conduct, since she knowingly gave a false opinion on a tax matter

B. A civil penalty matter under §10.37 only, not conduct subject to disciplinary sanction

C. Permissible advocacy, because client insistence excuses a practitioner's independent professional judgment

D. A violation only if the client actually relies on the opinion during an audit

18. During a heated telephone call with a revenue officer, Preston Ealy, an enrolled agent, repeatedly shouts profanity and calls the officer incompetent and dishonest. The officer files a complaint. Preston's conduct is best analyzed under which Circular 230 provision?

A. §10.34, because the profanity somehow relates to a position taken on a return

B. §10.30, treating the outburst as improper solicitation of new client business

C. §10.7, because the conduct occurred outside any formal representation engagement

D. §10.51(a)(10), contemptuous conduct including the use of abusive language toward IRS personnel

19. Enrolled agent Rosalind Petway submits a renewal application listing continuing education hours from a course she never actually attended, attaching a fabricated certificate of completion. Under Circular 230, this conduct is best characterized as:

A. A minor administrative error, correctable simply by submitting the correct certificate later

B. Incompetence and disreputable conduct, since Rosalind knowingly submitted false information to the IRS

C. A matter solely for the continuing education provider to address, not subject to OPR discipline

D. Sanctionable only if the IRS later selects Rosalind's renewal application for a formal CE audit

20. Marisela Quintero, an enrolled agent who is also a licensed CPA, has her CPA license revoked by the state board of accountancy for reasons directly relating to dishonesty in handling client trust funds. Before any Circular 230 disciplinary complaint is filed, OPR may:

A. Take no action until a separate complaint is filed and a full hearing concludes
B. Only refer the matter back to the state board for further investigation
C. Suspend Marisela from practice before the IRS on an expedited basis under §10.82
D. Automatically revoke her enrollment without notice, since the state action is conclusive proof

21. During a pending Circular 230 disciplinary hearing, OPR's assigned attorney privately telephones the administrative law judge to discuss the strength of the government's case, without notifying Owen Tillerman's counsel or giving him an opportunity to participate. This contact violates:

A. Nothing, since OPR attorneys are always permitted unrestricted access to the presiding judge
B. The ex parte communication restriction on private communications with the administrative law judge
C. Only the discovery rules governing document exchange between the opposing parties
D. Only the rules governing proper service of the complaint on the respondent

22. A key fact witness in Callista Drummond's Circular 230 disciplinary proceeding lives overseas and cannot appear at the scheduled hearing. To preserve the witness's testimony for the record before the hearing date, the parties may properly seek to:

A. Submit the witness's unsworn written statement to the ALJ as a testimony substitute
B. Ask the ALJ to dismiss the charge because the witness cannot appear in person
C. Take the witness's deposition under oath to preserve testimony for use at hearing
D. Rely solely on the witness's prior IRS interview notes without further authentication

23. Ezra Lindholm, an enrolled agent, knows that his colleague was suspended from practice before the IRS six months ago. Ezra nonetheless allows the suspended colleague to draft correspondence to the IRS and sit in on client meetings, presenting the work as Ezra's own to the Service. This conduct:

A. Violates §10.51(a)(9), knowingly aiding and abetting a suspended practitioner's IRS practice
B. Is permitted, because the suspended colleague never signs any document submitted to the IRS
C. Violates only internal firm employment policy, not any Circular 230 disciplinary provision
D. Is permitted so long as the suspended colleague is paid as a contractor

24. Portia Vance's counsel needs additional time to prepare a response after OPR files a disciplinary complaint, due to a scheduling conflict with another matter. The appropriate procedural step is to:

A. Ignore the deadline, since ALJs routinely excuse late filings without any request
B. File a second complaint requesting that OPR's original complaint be dismissed
C. Contact the ALJ informally by phone, with no written filing required
D. File a written motion with the ALJ requesting an extension of time

25. After a full disciplinary hearing before an ALJ, Damon Westbrook, the respondent practitioner, wants a copy of the official transcript of the proceeding to review before filing any post-hearing brief. Under Circular 230's disciplinary rules, Damon:

A. Has no right to the transcript unless OPR affirmatively consents to its release
B. May only view the transcript in person at the IRS Office of Counsel
C. Must wait until after the ALJ issues a final decision to request it
D. May obtain a copy of the transcript, generally at his own expense

26. At the hearing in Ingrid Falkenrath's disciplinary case, evidence emerges that supports a variation of the facts alleged in the original complaint, though the underlying conduct is the same misconduct already charged. The ALJ may:

A. Never permit any variance between the complaint's allegations and the evidence presented
B. Permit the complaint to be amended to conform to the evidence, if fairness allows
C. Automatically dismiss the entire complaint due to any variance from its allegations
D. Require OPR to file an entirely new proceeding starting from a fresh complaint

27. After the close of evidence in Micah Sandoval's disciplinary hearing, both OPR and Micah's counsel wish to summarize their respective positions on the facts and applicable law before the ALJ issues a decision. The appropriate mechanism for this is:

A. An informal off-the-record conversation between counsel and the ALJ in chambers

B. A second complaint filed by OPR summarizing the evidence presented at hearing

C. Submission of proposed findings of fact and conclusions of law to the ALJ

D. A request that the Secretary's designee immediately take over the decision-making role

28. Beatrix Colombo, an enrolled agent, tells an IRS collections employee during a phone call that the employee's file notes show income the client never actually received, when Beatrix knows this claim is false. Beatrix makes this false statement to delay collection action. This is best characterized as:

A. Giving false or misleading information to the IRS, in violation of §10.51(a)(2)

B. A permissible negotiating tactic, since collection matters allow some factual flexibility

C. A violation only if the collections employee actually relies on the statement

D. Conduct governed exclusively by §10.34's standards for positions taken on returns

29. In Lorenzo Abernathy's disciplinary case, his written answer to OPR's complaint raises an affirmative defense and new factual matter not addressed in the original complaint. Under Circular 230's disciplinary procedures, OPR:

A. Must automatically withdraw its complaint once any new matter is raised in the answer

B. Has no procedural mechanism available to respond to new matter in an answer

C. Must wait until the hearing itself to address the newly raised matter

D. May file a written reply addressing the new matter raised in the answer

30. Tabitha Ronan, an enrolled agent, sends prospective clients a mailer falsely claiming she has a 100% record of eliminating IRS penalties, a claim she knows to be untrue, in order to obtain new engagements. This false and deceptive solicitation of employment is sanctionable under:

A. §10.51(a)(3), soliciting employment through false, misleading, or deceptive statements to clients

B. §10.30 exclusively, which governs only the format of mailed advertisements

C. No provision, since solicitation of new clients is entirely unregulated

D. §10.36 only, since it addresses procedures to ensure firm-wide compliance

31. During Anders Kovalenko's disciplinary hearing, OPR's counsel wants to compel a reluctant third-party witness to appear and testify under penalty of perjury. The administrative law judge's authority to accomplish this comes from the ALJ's power to:

A. Refer the matter to a federal district court for a contempt order first

B. Issue a subpoena and administer oaths as part of the ALJ's general hearing authority

C. Request that OPR's Director personally compel the witness's attendance informally

D. Rely solely on the witness's voluntary cooperation, since no compulsion tool exists

32. Bianca Hartley engages an EA solely to inspect and receive copies of her IRS transcripts for a mortgage application, without wanting the EA to speak to the IRS on her behalf. Which form should the EA use, and what is the key limitation?

A. Form 2848, since it grants representation authority but does not by itself authorize information disclosure

B. Form 2848, because it automatically authorizes the EA to sign tax returns and endorse refund checks

C. Form 8821, since it authorizes inspecting and receiving confidential information without granting representation or advocacy authority

D. Form 8821, because it automatically confers full representation authority at examinations and Appeals conferences

33. At the start of a correspondence examination, the IRS mails Roland Speer a notice enclosing Publication 1. What is the primary purpose of this document?

A. It itemizes each specific deduction the IRS proposes to disallow on Speer's return, with citations

B. It explains Speer's rights as a taxpayer, summarizing the Taxpayer Bill of Rights and the exam process

C. It functions as Speer's formal written protest challenging the examiner's proposed adjustments to his return

D. It grants Speer's chosen enrolled agent immediate authority to represent him before the IRS

34. Colin Maddox receives a 30-day letter proposing adjustments he believes are factually incorrect. Which Taxpayer Bill of Rights provision entitles Maddox to raise objections and provide additional documentation before the IRS finalizes its position?

A. The right to challenge the IRS's position and be heard, which lets Maddox object and submit support

B. The right to a fair and just tax system, which addresses individual facts affecting Maddox's liability

C. The right to privacy, which limits the scope of any inquiry to what is reasonably necessary

D. The right to quality service, which guarantees prompt, courteous, and professional assistance from IRS staff

35. Marguerite Doyle authorizes her EA to represent her solely in connection with a private letter ruling request, a matter not handled by an IRS campus. How does the IRS treat this Form 2848?

A. It is rejected outright, since ruling requests cannot be delegated using Form 2848

B. It is entered onto the CAF and treated the same as a general authorization

C. It must instead be filed on a separate power of attorney form for rulings

D. It is honored as a specific-use authorization but is not recorded on the CAF

36. An IRS examiner proposes an adjustment based on an incorrect application of the standard deduction, resulting in more tax than Terrence Farrow actually owes. Which TBOR right entitles Farrow to have his tax liability determined correctly, including interest and penalties only as authorized by law?

A. The right to finality, which sets deadlines for challenging determinations

B. The right to be informed, requiring clear explanations of tax law

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

D. The right to quality service, guaranteeing prompt and courteous IRS assistance

37. During an Appeals conference, appeals officer Delphine Rourke considers raising a completely new legal issue that the examining agent never addressed during the original examination. Under Appeals' general practice, when may Delphine properly raise this new issue?

A. Only if the new issue could have a significant effect on the taxpayer's overall tax liability for the year

B. Never, because Appeals is strictly limited to only the exact issues the examining agent identified

C. Always, since Appeals has unrestricted authority to expand any case to any issue it identifies

D. Only if the taxpayer's representative affirmatively invites Appeals to consider additional issues

38. Graham Kessler disagrees with the outcome of his field examination and wants assurance that he can seek review of the proposed adjustments by a body that has not participated in the exam. Which TBOR right addresses this expectation?

A. The right to be informed, which entitles Kessler to clear explanations of IRS decisions

B. The right to finality, which sets a known deadline for Kessler to dispute the tax

C. The right to appeal an IRS decision in an independent forum, separate from the examiner

D. The right to quality service, which entitles Kessler to prompt and courteous IRS assistance

39. Odalys Trujillo's examination closed with an assessment after she was unable to attend the scheduled meeting. She has since located records that support her original position and wants the IRS to review the closed case. What procedure should she pursue?

A. File a new original return for the same year to try overriding the assessment

B. Request examination reconsideration, submitting the new documentation for review of the closed case

C. Petition the Tax Court instead, because reconsideration is unavailable once a case has closed

D. File a written protest with the Independent Office of Appeals within thirty days

40. Perry Winslow's corporation is under examination by an IRS Large Business & International team consisting of a case manager, revenue agents, and specialists coordinating on multiple interrelated issues simultaneously. What best describes this examination approach?

A. A correspondence examination handled entirely by mail, addressing one narrow issue

B. An office examination limited to a single examiner meeting Winslow locally

C. A repetitive audit automatically discontinued since the issue was examined before

D. A team examination, where a case manager coordinates specialists across related issues

41. Fiona Larkspur checks the box on her Form 2848 authorizing her EA to receive, but not endorse or negotiate, refund checks issued in her name. What is the effect of this specific authorization?

A. The EA may deposit the refund check directly into the EA's business account
B. The EA may receive the refund check but cannot sign, cash, or deposit it
C. The EA gains authority to redirect all future refunds without Larkspur's further notice
D. The EA may endorse the check only if Larkspur later ratifies it verbally

42. Milo Ostrowski's individual return is selected for examination even though it contains no unusual items and its DIF score is unremarkable. The revenue agent explains the return was chosen randomly as part of a statistical study of overall compliance. Which IRS program does this describe?

A. The Automated Underreporter program, matching third-party information returns to reported income
B. The Discriminant Function System, scoring returns based on audit potential
C. The Whistleblower Office program, acting on a third-party informant's claim
D. The National Research Program, using random statistical sampling to measure compliance

43. Vivian Callahan's Schedule C home office deduction was examined in each of the two preceding tax years with no change to her tax liability both times. The same issue is now flagged again for the current year. What may Callahan request?

A. A permanent injunction barring the IRS from ever examining her returns again
B. Automatic abatement of any tax eventually assessed from the current exam
C. Discontinuance of the exam under the repetitive audit procedures available to her
D. Immediate transfer of the case to the U.S. Tax Court for resolution

44. Bram Iversen's partnership return is under examination, and the revenue agent's adjustments to partnership-level items will flow through to Iversen's individual return as a partner. What term describes the IRS's subsequent action on Iversen's personal return?

A. A related, or pickup, examination opened to adjust Iversen's flow-through items

B. A correspondence examination limited strictly to a single Schedule A item

C. A summons enforcement action compelling Iversen to produce his bank records

D. A repetitive audit automatically barred since the partnership was already examined

45. Selena Ngata's case involves several unagreed issues, and her representative wants a single joint meeting bringing together the examiner, Selena, her representative, and the Appeals officer to discuss all the issues face to face before Appeals takes the case through the normal process. Which Appeals program is designed for this purpose?

A. The Collection Due Process program, which addresses proposed levies rather than unagreed exam issues

B. The Fast Track Settlement program, available only after the case has already left Examination

C. The Offer in Compromise program, which resolves liability amount rather than examination issues

D. The Rapid Appeals Process, a joint meeting format for cases with multiple unagreed issues

46. Corbin Ashby did not file a return for the prior tax year despite having reportable income. After examination reveals the omission, the IRS prepares a return on his behalf using third-party information. What is this procedure called, and does Ashby retain any filing rights afterward?

A. A jeopardy assessment, after which Ashby permanently loses the right to file

B. An automatic penalty abatement, meaning Ashby owes no further tax at all

C. A substitute for return, though Ashby may still file his own original return

D. A closing agreement, under which Ashby waives all rights to dispute it

47. Fenwick Ostrander is single with no dependents and is paid weekly. His employer receives an IRS Notice of Levy on Wages, Salary, and Other Income. Which publication and mechanism determines the specific dollar amount of Fenwick's weekly pay that is exempt from the levy?

A. Publication 1494, which tables the exempt amount using his filing status, dependents claimed on Form 668-W, and pay frequency

B. Publication 970, which sets the exempt amount using his adjusted gross income reported on last year's tax return

C. Publication 594, which applies a flat twenty-five percent exemption to gross wages regardless of filing status

D. Publication 1660, which bases the exempt amount on the figure listed on his most recent Collection Information Statement

48. Corinne Blackwood owes back taxes and receives monthly Social Security retirement benefits. Under the Federal Payment Levy Program, what is the maximum percentage the IRS may continuously levy from each Social Security payment under IRC §6331(h)?

A. Ten percent of each payment, matched to the withholding rate used for federal income tax

B. Fifteen percent of each payment, applied automatically and continuously until the liability is resolved

C. Twenty-five percent of each payment, capped at the amount exceeding the poverty guideline

D. Fifty percent of each payment, mirroring the child support offset limit under Title IV-D

49. Thaddeus Overby has a 401(k) plan and limited other collectible assets. Before issuing a levy against his retirement account, what does IRS procedure generally require of the revenue officer?

A. Automatic approval, since retirement accounts receive no special protection once a Notice of Federal Tax Lien has posted

B. Written consent from the plan administrator, obtained before any notice of levy may be prepared

C. Group manager approval, after documenting that other collection alternatives have been exhausted or are inadequate

D. Referral to the Department of Labor, which must independently authorize levies against ERISA-qualified plans

50. Yusuf Hartley proposes an installment agreement for a prior-year balance, but he has not yet filed his current-year return, which is now overdue, and he is behind on his current-year estimated tax payments. How does this affect the IRS's willingness to approve his proposed agreement?

A. The IRS generally requires Yusuf to be in current filing and payment compliance before approving the agreement

B. The missing current-year return and payments have no bearing on approval of a prior-year agreement

C. The IRS must approve the agreement regardless, then separately pursue the current-year noncompliance
D. Current-year compliance matters only for business taxpayers, never for individual income tax agreements

51. Paulette Ingram operates a small business that owes $19,500 in unpaid trust fund payroll taxes. She wants to resolve the liability without submitting a full Collection Information Statement. Under Fresh Start expansions, what installment agreement option may apply to her business?

A. A streamlined agreement available only to individual income tax liabilities up to fifty thousand dollars
B. An In-Business Trust Fund Express installment agreement, available for business liabilities up to twenty-five thousand dollars
C. A partial payment installment agreement requiring periodic financial reviews of Paulette's finances every two years
D. A guaranteed installment agreement, limited to liabilities of ten thousand dollars or less for any taxpayer type

52. Rosalind Fischer wants to submit Form 656 but her household income falls at or below 250% of the federal poverty guidelines for her family size. What benefit does the Low Income Certification provide on her offer?

A. Her collection statute of limitations is permanently suspended for the duration of her repayment plan
B. She automatically qualifies for effective tax administration treatment regardless of her ability to pay the liability
C. Her offer bypasses Appeals review entirely if it is rejected by the initial collection employee
D. She is not required to send the application fee or the initial payment that would otherwise accompany the offer

53. Tobias Green submitted a processable offer in compromise that the IRS is actively evaluating. Under IRC §6331(k), what collection action is generally restricted while the offer remains pending and for thirty days after any rejection?

A. The IRS must automatically place Tobias's account in currently not collectible status while the offer is pending

B. The IRS must release any previously filed Notice of Federal Tax Lien immediately upon acceptance for processing

C. The collection statute of limitations begins running again immediately once the offer is deemed processable

D. The IRS generally may not levy against Tobias's property during this period, apart from certain jeopardy situations

54. Miriam Castellanos received a statutory notice of deficiency, did not petition Tax Court, and the tax was later assessed. She now requests a CDP hearing after a levy notice and wants to dispute the amount of the underlying liability. What is the general rule?

A. She generally may not dispute the liability, since she had a prior opportunity to contest it in Tax Court

B. She may dispute the liability only if she agrees to waive her right to any judicial review afterward

C. She may dispute the liability only if the assessed amount exceeds fifty thousand dollars in total

D. She may freely dispute the underlying liability at CDP because a levy notice always reopens that issue

55. Dwayne Solberg filed a joint return with his former spouse, who understated income without his knowledge, resulting in an assessment against both. Unlike injured spouse relief, which addresses a refund offset, what does innocent spouse relief under IRC §6015 provide?

A. It allocates a joint refund between spouses when only one spouse owes a separate past-due debt

B. It relieves the requesting spouse from joint and several liability for the understated tax itself

C. It grants an automatic six-month extension of time to pay any remaining balance due

D. It transfers the entire assessed liability to the non-requesting spouse through a nominee lien filing

56. Fiona Marchbank files a Chapter 13 bankruptcy petition while the IRS is actively pursuing collection of her tax debt. What is the immediate effect on the IRS's collection activity under 11 U.S.C. §362?

A. The IRS must immediately discharge the underlying tax liability regardless of its dischargeability under bankruptcy law

B. The IRS may continue levy action but must redirect all proceeds to the bankruptcy trustee

C. The automatic stay halts most collection actions, including levies and new lien filings, while the case is pending

D. The automatic stay applies only to liabilities assessed more than three years before the petition date

57. The IRS serves a levy on Elliot Sandoval's bank account, and before that levy is released, a separate creditor also attempts to attach the same funds. As between a properly served IRS levy and a later competing claim to the same specific funds, what governs priority?

A. The most recent claim always controls, regardless of when the IRS levy was served

B. Priority is decided by which party first obtained a judgment in state court

C. The bank must divide the funds equally between the IRS and the competing claimant

D. The IRS levy that attached first generally has priority over the later competing claim

58. The IRS is evaluating whether Celeste Barrow, a corporate officer, qualifies as a 'responsible person' for purposes of the Trust Fund Recovery Penalty. Which factor most directly supports that determination?

A. She held company stock as a passive investor without any involvement in daily operations

B. She occasionally answered phones in the accounting department during the company's busiest filing season

C. She had authority to decide which creditors were paid and could sign checks on the payroll account

D. She was listed as a reference on the company's original loan application several years earlier

59. Andre Whitcombe requests a CDP hearing under IRC §6330 in response to a proposed levy. What requirement applies to the Appeals or Settlement Officer who conducts his hearing?

A. The officer must have had no prior involvement with Andre's underlying tax liability before this hearing

B. The officer must be a revenue officer from the same collection group that initiated the levy action

C. The officer must be selected by Andre himself from a list of three approved candidates

D. The officer must hold a law degree and be admitted to practice before the United States Tax Court

60. Lucille Petrosyan owes back taxes and holds a joint checking account with her adult son, who has no tax liability of his own and contributed most of the funds. If the IRS levies the account, what generally governs how much of the balance the IRS may reach?

A. The IRS may never levy a jointly held account if any co-owner is not liable for the debt
B. The IRS may reach the funds to the extent of Lucille's interest in the account under applicable state law
C. The IRS must automatically limit the levy to exactly fifty percent of the account balance
D. The IRS must obtain a separate court order naming the son before levying any portion of the account

61. Douglas Fenn, an EA, discovers that a client's business filed 40 Forms 1099-NEC with incorrect payee addresses but corrected all of them within 28 days of the required filing date. Under IRC §6721, what per-return penalty tier applies to these corrected returns?

A. The intentional disregard penalty of $660 per return applies since the errors involved payee addresses only.
B. The standard penalty of $330 per return applies because the returns were not corrected before the due date.
C. The reduced penalty of $60 per return applies because the errors were corrected within 30 days.
D. The mid-tier penalty of $130 per return applies because the returns were corrected between 30 days and August 1.

62. The IRS proposes to assess the trust fund recovery penalty against Carmen Whitlock, a corporate bookkeeper. Before any assessment is made, what does IRC §6672 procedure require the IRS to first issue?

A. A Notice of Federal Tax Lien filed immediately to secure the trust fund liability pending investigation.
B. A Letter 1153 proposing the penalty and giving the individual 60 days to file a written protest before assessment.

C. A summons compelling immediate testimony before any proposed penalty amount can be calculated or issued.

D. A final notice of intent to levy scheduling a Collection Due Process hearing within 10 days.

63. Cassian Hollowell's company has repeatedly accrued and failed to pay employment taxes over several consecutive quarters, a pattern the IRS calls pyramiding. Under IRC §6330(f), how does this pattern affect the IRS's levy procedure?

A. The IRS must still provide a pre-levy Collection Due Process hearing before any levy is issued.

B. The IRS may only levy after obtaining a court order approving the disqualified employment tax levy.

C. The IRS must wait until the fourth consecutive quarter before any levy action is authorized.

D. The IRS may issue a disqualified employment tax levy without first offering a pre-levy CDP hearing.

64. Nadia Ferris omitted an amount from gross income on her return that exceeds 25% of the gross income she actually reported, though the return was not fraudulent. What statute of limitations period applies to the IRS's assessment under IRC §6501(e)?

A. An extended six-year period applies because the omission exceeds 25% of reported gross income.

B. The normal three-year period applies because the omission does not involve unreported self-employment income.

C. An unlimited period applies because any omission over 25% is treated as presumptively fraudulent conduct.

D. A four-year period applies, splitting the difference between the standard period and the fraud exception.

65. When evaluating whether a taxpayer had reasonable cause for a penalty under IRC §6651 or §6662, what general standard does the IRS apply?

A. Whether the taxpayer relied exclusively on software to prepare and electronically file the return in question.

B. Whether the taxpayer's income fell below the filing threshold requiring a return to be submitted at all.

C. Whether the taxpayer exercised ordinary business care and prudence but was still unable to comply timely.

D. Whether the taxpayer's preparer held an active license in the state where the return was filed.

66. Simon Rutledge retired last year at age 64 after decades in the workforce, and his estimated tax payments this year fell short because his retirement income was harder to predict than his prior wages. Under IRC §6654(e)(3)(B), what special waiver may apply to his underpayment penalty?

A. The penalty may be waived if the underpayment is due to reasonable cause and not willful neglect, given his retirement

B. No waiver exists for retirement; only disability qualifies for any special estimated tax penalty relief

C. The penalty is automatically waived in full for any taxpayer who retires after reaching age 62

D. The waiver applies only if Simon's retirement income drops below the federal poverty guideline for his household

67. Yara Delacosta was hospitalized following emergency surgery for several weeks spanning her filing deadline, leaving her physically unable to gather records or arrange for her return to be filed on time. Once she recovered, she filed promptly and documented the hospitalization. Does this support a reasonable cause defense to the failure-to-file penalty?

A. No, only a death in the taxpayer's immediate family can ever support a reasonable cause defense.

B. Yes, a serious illness that incapacitates the taxpayer during the filing period can support reasonable cause.

C. No, hospitalization is never considered because taxpayers can always authorize someone else to file for them.

D. Yes, but only if Yara's illness lasted longer than six consecutive months before she recovered.

68. Milo Anderton files a whistleblower claim with the IRS Whistleblower Office and disagrees with the amount of the award ultimately determined. What recourse does he have?

A. None; award determinations by the Whistleblower Office are final and cannot be reviewed by any court.

B. He may only request reconsideration from the same examiner who calculated the original award determination.

C. He must file a refund suit in federal district court to contest the award calculation.

D. He may petition the United States Tax Court for review of the whistleblower award determination.

69. For purposes of the trust fund recovery penalty under IRC §6672, which amounts are considered 'trust fund taxes' that a responsible person can be held personally liable for?

A. The employer's matching share of Social Security and Medicare taxes plus federal unemployment tax.

B. All federal tax deposits owed by the business, including corporate income tax installments.

C. Withheld federal income tax and the employees' share of Social Security and Medicare taxes.

D. Only the federal income tax withheld from employee wages, excluding any FICA components.

70. Portia Hale submits a whistleblower claim to the IRS about her former employer's tax underpayments and is concerned about retaliation if her identity becomes known. What protection does the IRS whistleblower program generally provide regarding her identity?

A. The IRS makes reasonable efforts to protect the whistleblower's identity and keep it confidential throughout the process.

B. The IRS publicly discloses the whistleblower's identity once any award payment is approved and issued.

C. The whistleblower's identity is automatically disclosed to the target taxpayer at the start of examination.

D. Confidentiality exists only if the whistleblower is also a licensed attorney or certified public accountant.

71. Evan Strickland's failure to pay his assessed tax is later shown to have been fraudulent, involving deliberate concealment of assets from collection. Unlike the enhanced 15%-per-month rate that applies under §6651(f) when a failure to FILE is proven fraudulent, how does the failure-to-PAY penalty itself change based on fraud?

A. It also triples to 15% per month under a parallel fraud-enhancement provision within §6651.

B. The failure-to-pay penalty rate itself is unchanged; the fraud is instead addressed through the separate civil fraud penalty.

C. It is eliminated entirely once any civil fraud penalty is assessed on the same underpayment.

D. It is converted automatically into an additional failure-to-file penalty covering the same period.

72. Clive Osgood's return has been unpaid for over five years due to an unresolved dispute, and failure-to-pay penalties have been accruing monthly at 0.5% of the unpaid tax. What happens to the failure-to-pay penalty once it reaches the statutory ceiling?

A. The penalty continues accruing indefinitely at a reduced rate of 0.25% per month after the ceiling.
B. The penalty converts automatically into the accuracy-related penalty once the statutory ceiling is reached.
C. The penalty stops accruing once it reaches 25% of the unpaid tax, its maximum aggregate amount.
D. The penalty resets to zero and begins a new accrual cycle once the ceiling is reached.

73. Brenna Fielding sets up a new installment agreement and chooses to pay through direct debit from her bank account rather than mailing a check each month. How does this payment method typically affect the user fee the IRS charges to establish the agreement?

A. Direct debit has no effect on the fee; every installment agreement carries an identical flat fee.
B. Direct debit increases the fee, since the IRS charges more to process automated bank withdrawals.
C. Direct debit eliminates the fee entirely for any taxpayer regardless of income level.
D. Direct debit generally reduces the user fee compared to a standard, non-direct-debit agreement.

74. Theo Lindqvist has an assessed accuracy-related penalty that remains unpaid several months after the due date stated in the notice and demand. Under IRC §6601, what happens regarding interest on that unpaid penalty?

A. No interest accrues on penalties; interest applies only to unpaid tax, never to penalty amounts.
B. Interest accrues on the unpaid penalty itself, generally from the date of notice and demand.
C. Interest on the penalty accrues only if the taxpayer also owes an unrelated civil fraud penalty.
D. Interest on the penalty is waived automatically once thirty days have passed without payment.

75. Corinne Abernathy paid a failure-to-file penalty in full but later obtains documentation supporting reasonable cause that she believes should have excused the penalty. What is the proper procedure for her to seek recovery of the amount already paid?

A. File Form 843, Claim for Refund and Request for Abatement, to request the penalty be refunded.

B. Wait for the IRS to automatically identify and refund the overpayment during its annual review.

C. Amend the underlying return using Form 1040-X, since penalties are corrected only through amendment.

D. Petition the Tax Court directly without filing any administrative claim, since the penalty is already paid.

76. Malik Thornbury's tax liability was assessed on a specific date, and no extensions or suspending events have occurred since. Under IRC §6502, how long does the IRS generally have to collect that liability through levy or court proceeding?

A. Three years from the date of assessment, mirroring the standard assessment statute of limitations.

B. Five years from the date of assessment, matching the general civil penalty statute period.

C. Six years from the date of assessment, aligned with the substantial omission SOL period.

D. Ten years from the date of assessment, the standard collection statute expiration date.

77. Ivy Callaghan submits an offer in compromise to the IRS, and the offer remains pending for several months before being rejected. What effect does this pending offer have on the ten-year collection statute expiration date?

A. The collection statute is suspended while the offer is pending, plus 30 days after any rejection.

B. The collection statute is unaffected because offers in compromise never suspend collection deadlines at all.

C. The collection statute restarts entirely from zero the day the offer in compromise is submitted.

D. The collection statute is permanently extended by exactly ten additional years upon any offer rejection.

78. Roland Petit's business filed corrected Forms 1099-MISC on July 15, which was more than 30 days after the required filing date but before August 1 of that year. Under IRC §6721, what per-return penalty tier applies?

A. The reduced $60 per-return penalty, the same tier used for corrections made within 30 days.

B. The mid-tier $130 per-return penalty, for corrections made after 30 days but by August 1.
C. The standard $330 per-return penalty reserved for returns never corrected at all.
D. The intentional disregard penalty of $660, since the correction missed the 30-day window.

79. Sasha Greenwald's company never corrected several Forms W-2G that contained filing errors, and August 1 of the filing year has now passed without any correction. Under IRC §6721, what per-return penalty tier now applies to these uncorrected returns?

A. The reduced $60 tier continues to apply as long as no formal IRS notice was issued.
B. The mid-tier $130 penalty applies automatically once 60 days have passed without correction.
C. The standard $330 per-return penalty applies because the errors were never timely corrected.
D. No penalty applies once August 1 has passed, since the correction window has closed.

80. During Tax Court litigation, attorney Marlon Effingham files repetitive, unnecessary motions and unreasonably delays proceedings, multiplying the case's cost and length without a legitimate litigation purpose. Under IRC §6673(a)(2), what sanction may the Tax Court impose directly against Marlon rather than his client?

A. No sanction is available against counsel personally; only the client can ever be sanctioned under §6673.
B. The Tax Court may only refer Marlon to his state bar, with no independent monetary sanction available.
C. The Tax Court may bar Marlon permanently from ever appearing before it again, with no monetary option.
D. The Tax Court may require Marlon to personally pay excess costs, expenses, and attorney's fees incurred.

81. Lucille Beaumont files a whistleblower claim about tax underpayments at a company where she also actively participated in structuring the underreported transactions. How might her own involvement affect any award she receives?

A. The Whistleblower Office may reduce, or in some cases deny, the award based on her role.
B. Her involvement is legally irrelevant, since awards are based solely on the dollar amount recovered.

C. Her award automatically doubles because insider participants have superior access to relevant records.

D. She becomes ineligible only if she is later criminally convicted for the same conduct.

82. The IRS determines that both Aaron Kestner and Winona Pratt qualify as responsible persons for the same unpaid trust fund taxes at their company. How does the IRS's collection authority operate between them?

A. The IRS may collect the full amount from each of them separately, doubling total collections received.

B. The IRS must divide the liability evenly in half between the two responsible persons identified.

C. Both are jointly and severally liable, but total collections cannot exceed the unpaid trust fund amount.

D. Only the person with greater authority over disbursements can be assessed the full penalty amount.

83. Baxter Long and his ex-spouse filed a joint return that understated tax due to an omitted item. Baxter elects separation of liability under IRC §6015(c), but the IRS shows he had actual knowledge of the specific item causing the understatement at the time he signed the return. What is the effect?

A. Actual knowledge is irrelevant under §6015(c) because that provision only examines who benefited from the item.

B. Actual knowledge only reduces, rather than eliminates, the portion of relief available under §6015(c).

C. Actual knowledge triggers automatic equitable relief under §6015(f) in place of separation of liability.

D. Actual knowledge of the specific item bars separation of liability relief as to that item.

84. Estelle Novak's company filed hundreds of Forms 1099-INT, and a small number contained dollar-amount errors of $40 each, well under the statutory de minimis threshold. Under IRC §6721(c), what is the effect of this de minimis error safe harbor?

A. The company must still pay the standard $330 penalty per return despite the minor error size.

B. No correction or penalty is required at all because the errors fall within the de minimis safe harbor.

C. The company must correct all errors within 30 days regardless of the dollar amount involved.

D. The de minimis safe harbor applies only to paper-filed returns, not to electronically filed ones.

85. Preston Marlowe, an ERO, electronically transmits Janet Colby's individual income tax return on April 15, the filing deadline, but the IRS rejects the submission that same evening due to a formatting error. Assuming Preston corrects the error and retransmits within the applicable window, how is the return treated for timeliness purposes?

A. Treated as late filed automatically, requiring the preparer to attach a reasonable cause statement to the corrected submission.

B. Treated as timely filed only if retransmitted before midnight on the original due date, with no additional grace period.

C. Treated as timely filed if retransmitted within 5 calendar days after the rejection notification, per the e-file perfection period.

D. Treated as timely filed only if the taxpayer also mails a paper copy postmarked by the original due date.

86. Vanessa Duquette has prepared federal tax returns for compensation for several years using a valid PTIN. Which of the following correctly describes her obligation regarding that PTIN for the upcoming filing season?

A. Her PTIN remains valid indefinitely once issued, and no further action is required in future years.

B. She must reapply for an entirely new PTIN number every three years to remain compliant.

C. She must renew her PTIN only if her address or legal name has changed since issuance.

D. She must renew her PTIN annually, generally between mid-October and December 31, to use it in the coming season.

87. Roland Ibarra owns a trucking company and must file Form 2290, Heavy Highway Vehicle Use Tax Return, reporting 28 taxable vehicles for the current tax period. Based on IRS e-file requirements, how must Roland file this return?

A. Electronically only if the total tax due exceeds $10,000 for the reporting period.

B. Electronically, because reporting 25 or more vehicles on Form 2290 triggers a mandatory e-file requirement.

C. On paper only, since Form 2290 is not currently supported by the IRS e-file system.

D. Electronically or on paper, at Roland's discretion, regardless of the number of vehicles reported.

88. Cassandra Whitmore's payroll service issues Forms W-2 and 1099-NEC on behalf of small business clients. Under current IRS regulations governing information returns, as distinct from the income tax return preparer e-file mandate, when must these forms generally be filed electronically?

A. Electronic filing is required when the aggregate number of covered information returns filed reaches 10 or more.

B. Electronic filing of information returns remains entirely optional regardless of volume under current regulations.

C. Electronic filing is required only once a single client issues more than 250 forms in a calendar year.

D. Electronic filing is required only for Form 1099-NEC, while Forms W-2 may always be filed on paper.

89. Emmett Salazar, an ERO, wants to e-file an individual client's federal income tax return in late November. He discovers that the IRS's Modernized e-File system for individual returns is temporarily unavailable for all filers. What is the most likely explanation?

A. The IRS conducts an annual shutdown and cutover period, typically in late November, for system maintenance.

B. The client's return was permanently rejected and can never again be transmitted electronically.

C. Individual e-file is disabled every year on weekends, and Emmett must simply wait until Monday.

D. Emmett's software provider has been suspended from the e-file program for repeated errors.

90. Louisa Pemberton's husband, Foster, died in March before filing his prior-year Form 1040. Louisa intends to file a joint return for that year, reporting a refund. Under IRS rules, is Form 1310 required before the refund can be issued?

A. Yes, but only if Louisa also attaches a certified copy of the death certificate to the joint return.

B. Yes, Form 1310 must always accompany any return claiming a refund for a deceased taxpayer, without exception.

C. No, because refunds for deceased taxpayers are automatically forfeited unless a court appoints a representative.

D. No, because a surviving spouse filing a joint return with the decedent is not required to file Form 1310.

91. Astrid Berglund is an enrolled agent, while her colleague at the same firm is an unenrolled preparer with a valid PTIN but no professional credential. Both want to serve as Electronic Return Originators. Which statement accurately compares their e-file eligibility?

A. Only Astrid, as an enrolled agent, may legally obtain an EFIN and serve as an ERO for clients.
B. Both may serve as an ERO with a valid EFIN; credential status affects representation rights, not e-file eligibility.
C. The unenrolled preparer may e-file only simple returns, while Astrid may e-file returns of any complexity.
D. Neither may serve as an ERO unless the firm itself is enrolled with the IRS Office of Professional Responsibility.

92. Franklin Ordway is a partner in a calendar-year partnership that needs additional time to complete its Form 1065. If the partnership files Form 7004 by the original due date, what is the extended due date?

A. The extended due date is June 15, exactly three months after the original filing deadline.
B. The extended due date is April 15, matching the deadline used for individual income tax returns.
C. The extended due date is September 15, six months after the original March 15 filing deadline.
D. The extended due date is October 15, matching the extended deadline for individual income tax returns.

93. Corinna Vasquez transmits a corporate income tax return electronically, and the IRS immediately rejects it because the Employer Identification Number does not match the associated legal name on file. What most likely caused this specific rejection?

A. The corporation's EFIN was suspended by the IRS prior to the transmission attempt.
B. The EIN's registered name control does not match the business name entered on the transmitted return.
C. The prior-year adjusted gross income entered for the corporate officer does not match IRS records.
D. The return was transmitted using outdated tax software that has not been updated for the current year.

94. Weston Kilbride files his federal income tax return expecting a refund, but the refund is instead reduced to satisfy a past-due state child support obligation. Which program authorizes this type of reduction?

A. The Fresh Start Initiative, which redirects refunds toward outstanding federal tax balances only.

B. The Automated Underreporter Program, which adjusts refunds based on unreported income discrepancies.

C. The Treasury Offset Program, administered by the Bureau of the Fiscal Service for eligible debts.

D. The Return Integrity Verification Operation, which screens refunds solely for identity theft indicators.

95. Natalie Onwuka wants to electronically file an original individual income tax return during the current filing season. Which of the following tax years can generally still be submitted through MeF as an original e-filed return?

A. The current tax year and the two immediately preceding tax years.

B. The current tax year and the single immediately preceding tax year only.

C. The current tax year and any prior year for which records remain available.

D. Only the current tax year; every prior-year original return must be filed on paper.

96. Barnaby Fitch owes a substantial balance and needs the payment to post to the IRS that same business day, but he has already missed the cutoff for scheduling through his usual online payment method. What option allows him to make a true same-day payment through his bank?

A. Mailing a certified check with next-day delivery guaranteed by the postal carrier.

B. Submitting payment through a third-party card processor that charges a flat convenience fee.

C. Enrolling in EFTPS for the first time and scheduling the payment immediately.

D. Using the Same-Day Taxpayer Worksheet at his financial institution to initiate a wire payment.

97. Anselm Draycott is a resident alien with a valid Social Security Number, while his wife, Anouk, is a nonresident alien who has an Individual Taxpayer Identification Number but no SSN. They wish to e-file a joint return. Can the return be electronically filed?

A. No, joint returns involving an ITIN holder must always be filed on paper regardless of circumstances.
B. No, both spouses must obtain an SSN before any joint e-filed return will be accepted.
C. Yes, but only if Anouk's ITIN was issued within the current calendar year before filing.
D. Yes, MeF accepts joint returns where one spouse has an SSN and the other has a valid ITIN.

98. Marguerite Holt prepares only 8 individual income tax returns this year, falling below the federal threshold that would classify her as a specified tax return preparer. However, the state in which she practices imposes its own separate e-file mandate on paid preparers. What is the correct conclusion?

A. Marguerite is automatically exempt from the state mandate because she is exempt from the federal one.
B. State e-file mandates are preempted by federal law and therefore cannot legally be enforced.
C. Marguerite may still be required to e-file under the state mandate, independent of the federal threshold.
D. The state mandate applies only once Marguerite also becomes subject to the federal threshold.

99. Winifred Calloway's business receives a CP2100 notice from the IRS listing several Forms 1099-NEC with payee names that do not match the taxpayer identification numbers on file. If Winifred does not follow the required B-Notice procedure with the affected payees, what is the consequence?

A. Winifred's business must begin backup withholding on future payments to the mismatched payees
B. The mismatched Forms 1099-NEC are automatically voided and must be refiled the following year
C. The IRS revokes Winifred's EFIN, barring the business from electronically filing any future returns
D. The affected payees are personally assessed a penalty for supplying an incorrect taxpayer identification number

100. Winona Truesdale's client lives across the country and cannot meet in person to sign Form 8879 with a pen. Winona wants to use a compliant electronic signature process instead. Which of the following describes an IRS-permitted approach?

A. The client may simply type their name into an email reply, which satisfies all signature requirements.

B. The client may e-sign using software that performs identity verification, such as knowledge-based authentication, per IRS rules.

C. Electronic signatures are never permitted on Form 8879, regardless of the software or verification used.

D. Winona may sign Form 8879 herself on the client's behalf without any client involvement at all.

Answer Key and Explanations — Practice Exam 35, Part 3: Representation, Practices, and Procedures

1. D — Circular 230 §10.7(c)(1)(ii) permits an individual to represent members of their immediate family—such as a parent, spouse, child, or sibling—before the IRS without being an attorney, CPA, or enrolled agent, and without a PTIN. No prior IRS pre-approval of the relationship is required; the limited-practice exception applies automatically to bona fide immediate family representation.

2. A — Under Circular 230 §10.7(c)(1)(iii), a bona fide officer of a corporation, association, or organized group may represent that entity before the IRS without being an attorney, CPA, or enrolled agent, and no PTIN is required for this limited-practice exception. This differs from an employee representing an employer or a partner representing a partnership under other clauses.

3. B — Circular 230 §10.7(a) allows the Director of the Office of Professional Responsibility to authorize an individual who is not otherwise eligible to practice—such as an unenrolled bookkeeper—to represent a taxpayer in a specific, unusual situation. This special appearance authorization is limited to the particular matter identified and does not create ongoing eligibility to practice.

4. C — Unlike attorneys and CPAs, whose authority to practice before the IRS stems from a state license, enrolled agent status is a federal credential granted directly by the IRS. Circular 230 imposes no U.S. citizenship or residency requirement for enrollment; an applicant who passes the Special Enrollment Examination and clears the suitability check may be enrolled regardless of nationality.

5. C — Although the IRS customarily mails renewal notices, Circular 230 places the ultimate responsibility for timely renewal on the practitioner, not on receipt of a reminder. Camille's failure to receive notice—caused by her own unreported address change—does not toll or excuse the filing deadline; she remains obligated to track and meet her own renewal cycle.

6. B — Circular 230 requires a practitioner to separately notify the IRS of a change in the address used for enrollment and practitioner records, within the time the regulation specifies. Updating client CAF records for powers of attorney is a distinct process and does not satisfy this personal notification duty, which keeps Nadia's own enrollment file current.

7. D — Circular 230 §10.3(b) recognizes any CPA who is duly qualified and in good standing under the law of any state, territory, or the District of Columbia to practice before the IRS. There is no requirement that the CPA hold a license in the taxpayer's home state or the state where the examination is conducted.

8. A — Circular 230 §10.21 requires a practitioner who knows a client has not complied with federal tax laws, or has made an error or omission on a return, to promptly advise the client of that noncompliance and its consequences. The section does not obligate the practitioner to amend the return or notify the IRS without the client's direction.

9. A — Circular 230 §10.33 sets forth aspirational Best Practices for Tax Advisors, encouraging quality service, but these best practices are not independently enforceable through discipline the way mandatory duties like §10.34's disclosure requirements are. A practitioner who generally follows §10.33 can still face sanctions for violating separate, enforceable Subpart B provisions.

10. C — Circular 230 §10.36 requires the practitioner with principal authority and responsibility for a firm's tax practice to take reasonable steps to ensure the firm has adequate procedures for all firm members to comply with Subpart B. That practitioner may be subject to discipline if a pattern or practice of noncompliance occurs and reasonable steps were not taken.

11. D — Circular 230 permits an individual who is not an attorney, CPA, or enrolled agent to represent a taxpayer before IRS personnel located outside the United States when no attorney, CPA, or enrolled agent is readily available. This narrow accommodation recognizes the practical difficulty of securing credentialed representation for taxpayers living or being examined abroad.

12. B — Unlike attorneys and CPAs, who are recognized to practice before the IRS based on a state license, an enrolled agent's authority is a federal credential conferred directly by the IRS after passing the Special Enrollment Examination or qualifying IRS experience, plus a suitability determination. No state licensing board issues or governs enrolled agent status.

13. D — Circular 230 §10.20(a) generally requires a practitioner to promptly submit records or information properly requested by a duly authorized IRS officer or employee. However, the practitioner is not required to comply if they believe in good faith and on reasonable grounds that the request is of doubtful legality, which is the exception Tobias may invoke here.

14. C — Practice before the IRS under Circular 230, including for enrolled agents, is limited to civil administrative matters before the IRS itself. It does not authorize representation in criminal tax investigations or prosecutions, which fall under different legal proceedings requiring a licensed attorney; Fenella's EA credential does not extend her authority into that criminal-proceeding context.

15. B — Circular 230 §10.3(a) recognizes attorneys who are currently in good standing with their bar to practice before the IRS. A suspension—even for reasons unrelated to tax practice—removes the current-good-standing status required, so Graziella is not eligible to practice before the IRS as an attorney while suspended, regardless of the suspension's underlying cause.

16. A — Renewal of enrollment under Circular 230 is tied to the enrollment cycle itself, not to whether the practitioner actually represented clients during that period. Emeric must still timely file his renewal application to remain enrolled, since the obligation to renew is not contingent on having engaged in practice before the IRS during the preceding cycle.

17. A — Section 10.51(a)(11) makes it incompetence and disreputable conduct to knowingly, recklessly, or through gross incompetence give a false opinion on a tax matter. Nadia issued a baseless opinion knowing it was false, satisfying that standard regardless of client pressure. Actual client reliance is not required, and §10.37's separate written-advice rule does not preclude this independent sanction.

18. D — Section 10.51(a)(10) defines disreputable conduct to include contemptuous conduct in connection with practice before the IRS, expressly including the use of abusive language and false accusations toward Service personnel. Preston's profane, insulting outburst toward the revenue officer falls squarely within this provision, not §10.34's return-position standard, §10.30's solicitation rules, or §10.7's practice-authority framework.

19. B — Section 10.51(a)(2) treats knowingly giving false or misleading information to the IRS as disreputable conduct. Submitting a fabricated CE certificate with a renewal application is exactly this kind of knowing misrepresentation, independent of whether the IRS happens to select the renewal for a formal audit, and OPR retains full authority to sanction it regardless.

20. C — Section 10.82 authorizes expedited suspension, without the full complaint process, when a practitioner's state license has been revoked or suspended for reasons relating to dishonesty or breach of trust. Marisela's CPA license revocation for trust-fund dishonesty is exactly such a trigger. Expedited suspension still requires notice and an opportunity to respond, so automatic revocation without notice is incorrect.

21. B — Circular 230's disciplinary rules prohibit ex parte communication concerning the merits of a pending proceeding between a party and the administrative law judge outside the presence of, or without notice to, the other party. OPR's counsel privately discussing case strength with the judge, bypassing Owen's counsel, is precisely the restricted contact, unrelated to discovery or service-of-process requirements.

22. C — Circular 230's disciplinary rules permit the parties to take depositions of witnesses whose testimony cannot practicably be obtained at the hearing, such as an overseas witness. A properly noticed deposition preserves sworn testimony for the record. Unsworn statements, unauthenticated interview notes, and outright dismissal of a charge are not accepted substitutes for this discovery mechanism.

23. A — Section 10.51(a)(9) makes it disreputable conduct to knowingly aid or abet a suspended or disbarred practitioner in practicing before the IRS. Ezra's arrangement lets his suspended colleague substantively perform representation work, concealed behind Ezra's name, which is precisely the aiding-and-abetting conduct the rule targets, regardless of signature practices, contractor status, or internal firm policy labels.

24. D — Circular 230's disciplinary rules govern motions and requests, requiring parties seeking relief such as additional time to respond to file a written motion with the administrative law judge stating the grounds and requested relief. Portia's counsel must use this formal motion practice rather than informal phone contact, an unrequested extension, or an improper second complaint.

25. D — Circular 230's disciplinary rules address the hearing transcript, and a respondent practitioner is generally entitled to obtain a copy for use in preparing post-hearing filings, typically at the requesting party's own expense. Damon need not obtain OPR's consent, view it only in person, or wait for a final decision before requesting the completed transcript.

26. B — Circular 230's rules on proof, variance, and amendment of pleadings allow the ALJ to permit a complaint to be amended to conform to the evidence presented at hearing, provided the respondent is not unfairly surprised or prejudiced. This flexible approach avoids the extremes of dismissing on any variance or forcing OPR to institute an entirely new proceeding.

27. C — Circular 230's disciplinary rules allow the parties to submit proposed findings of fact and conclusions of law to the administrative law judge after the hearing concludes, letting each side frame the record and governing law before a decision issues. This formal submission, not an off-the-record chambers talk or a duplicate complaint, is the proper mechanism here.

28. A — Section 10.51(a)(2) makes it disreputable conduct to knowingly give false or misleading information to officers or employees of the Department of the Treasury, or in any matter administered by the IRS. Beatrix's knowing false statement to the collections employee fits this provision directly; actual reliance by the employee is not an element, and §10.34 is inapplicable here.

29. D — Circular 230's disciplinary rules permit OPR to file a reply to a respondent's answer, specifically to address new matter or affirmative defenses first raised in that answer. Lorenzo's new factual assertions trigger this reply mechanism, so OPR need not withdraw the complaint, wait for the hearing, or forgo responding for lack of any available procedure.

30. A — Section 10.51(a)(3) makes it disreputable conduct to solicit employment through false, misleading, or deceptive statements or claims. Tabitha's knowingly false penalty-elimination guarantee, used to attract new clients, fits this provision directly. Solicitation is not unregulated, §10.30 concerns advertising mechanics rather than deceptive content, and §10.36 governs firm-wide procedures, not individual solicitation misconduct.

31. B — Circular 230's disciplinary rules vest the administrative law judge with general authority over the proceeding, including the power to administer oaths, take testimony, and issue subpoenas to compel witness attendance. This authority allows OPR's counsel to secure Anders's reluctant witness directly, without resorting to district court contempt proceedings or informal requests to OPR's Director.

32. C — Form 8821, Tax Information Authorization, permits a designee to inspect and receive a taxpayer's confidential information but does not authorize the designee to advocate for the taxpayer, respond to IRS inquiries on the taxpayer's behalf, or act as a representative. Only Form 2848 confers representational authority to advocate before the IRS during an examination or appeal.

33. B — Publication 1, Your Rights as a Taxpayer, is included with most IRS notices that begin an examination, collection, or appeal action. It summarizes the Taxpayer Bill of Rights and briefly explains the examination, appeal, collection, and refund processes. It is informational only; it does not itemize adjustments, serve as a protest, or authorize representation.

34. A — The right to challenge the IRS's position and be heard, one of the ten rights in the Taxpayer Bill of Rights, entitles taxpayers to raise objections and provide additional documentation in response to formal or proposed IRS actions, and requires the IRS to consider timely, substantiated objections fairly before finalizing its determination.

35. D — A Form 2848 filed for a specific matter not handled by a campus function, such as a private letter ruling request, is a valid specific-use power of attorney but is not recorded onto the Centralized Authorization File. The CAF only tracks recurring, general representation authorizations processed through IRS campus operations.

36. C — The right to pay no more than the correct amount of tax is one of the ten rights in the Taxpayer Bill of Rights and entitles taxpayers to have their tax liability determined accurately, including only interest and penalties properly authorized by law, and to have any overpayment applied or refunded promptly by the IRS.

37. A — Appeals generally will not raise a new issue that was not raised during the original examination unless the potential effect on the taxpayer's liability is substantial. This practice preserves the taxpayer's expectation that Appeals functions as an independent review of the examiner's findings rather than a second, broader examination of the return.

38. C — The right to appeal an IRS decision in an independent forum guarantees taxpayers a fair, objective administrative review by the IRS Independent Office of Appeals, and generally the right to take unresolved matters to court, without prejudice from personnel who conducted the original examination or made the initial determination being appealed.

39. B — Examination reconsideration allows the IRS to reevaluate a previously closed exam result when the taxpayer presents new information not considered before, did not appear for the scheduled exam, or disagrees with a default assessment made in the taxpayer's absence. Trujillo submits the new records with a written reconsideration request to the originating office.

40. D — Large corporate and complex cases are often examined by a team or group examination, in which a case manager coordinates multiple revenue agents and technical specialists working simultaneously on interrelated issues. This differs from a single-examiner office or correspondence exam and is typical of LB&I examinations of sizable business taxpayers like Winslow's corporation.

41. B — Form 2848 allows a taxpayer to specifically authorize a representative to receive, but never endorse or negotiate, a refund check. Even with this box checked, the representative cannot sign the check, cash it, or deposit it into any account; the taxpayer must still personally endorse and negotiate any refund check received.

42. D — The National Research Program periodically examines a random, statistically representative sample of returns, regardless of DIF score or other risk indicators, to measure overall taxpayer compliance and update the formulas the IRS uses for future case selection. Selection under this program is not based on any suspected issue with the specific return.

43. C — The repetitive audit procedures allow a taxpayer to request discontinuance of an examination when the identical issue was examined in either of the two preceding years and resulted in no change. Callahan can raise this history with the examiner, who verifies the prior no-change results and may close the current exam accordingly.

44. A — When adjustments to a pass-through entity such as a partnership affect a partner's individual tax liability, the IRS opens a related, or pickup, examination of the partner's return to make the corresponding adjustments. This ensures flow-through items are consistently reported and taxed correctly at both the entity and individual partner levels.

45. D — The Rapid Appeals Process brings the examiner, taxpayer or representative, and the Appeals officer together in a single joint conference to discuss multiple unagreed issues at once, aiming for a quicker resolution than the traditional sequential process. This differs from Fast Track Settlement, which uses an Appeals mediator while the case still remains within Examination.

46. C — When a taxpayer fails to file despite having reportable income, the IRS may prepare a substitute for return under section 6020(b) using third-party information such as Forms W-2 and 1099. This does not bar the taxpayer; Ashby may still file his own original, more accurate return, which generally supersedes the substitute filing.

47. A — Publication 1494 provides tables showing the amount of wages exempt from a continuous wage levy, calculated using the taxpayer's filing status, number of dependents claimed on the Statement of Exemptions and Filing Status (Parts 3-5 of Form 668-W), and pay period frequency. The remainder above this exempt amount is available for levy until released.

48. B — Under IRC §6331(h), the Federal Payment Levy Program authorizes the IRS to continuously levy fifteen percent of specified federal payments, including Social Security benefits, through the Treasury's automated payment system. The levy continues each payment cycle without a new notice until the liability is paid, released, or otherwise resolved administratively.

49. C — IRM guidance treats retirement account levies as a last resort rather than a routine step. Before levying a 401(k) or IRA, the revenue officer must document that other collection alternatives were considered and are inadequate, and obtain group manager approval, reflecting the hardship such a levy can cause the taxpayer's retirement security.

50. A — Before approving an installment agreement, the IRS generally requires the taxpayer to be in current filing and payment compliance, meaning all required returns are filed and current estimated tax obligations are being met. Yusuf's overdue current-year return and shortfall in estimated payments would need to be resolved before the IRS finalizes his proposed agreement.

51. B — The In-Business Trust Fund Express installment agreement, a Fresh Start expansion, lets qualifying businesses with trust fund liabilities up to twenty-five thousand dollars pay through direct debit over a shortened period, generally without submitting a full Collection Information Statement, easing the financial disclosure burden compared to a traditional business installment agreement.

52. D — A taxpayer who meets the Low Income Certification guidelines on Form 656, based on household size and income at or below 250% of federal poverty guidelines, is not required to submit the application fee or the initial payment that would otherwise accompany a lump-sum or periodic-payment offer submission with the IRS.

53. D — IRC §6331(k) generally prohibits the IRS from levying against a taxpayer's property while a processable offer in compromise is pending, during the thirty days after a rejection, and while any appeal of that rejection is pending, though this levy restriction does not apply to jeopardy assessments or certain other exceptional situations.

54. A — At a CDP hearing, a taxpayer generally may not challenge the existence or amount of the underlying liability if she already had a prior opportunity to dispute it, such as receiving a statutory notice of deficiency and choosing not to petition Tax Court. The hearing instead focuses on collection alternatives and procedural issues.

55. B — Injured spouse relief only reallocates a joint refund that was offset to satisfy the other spouse's separate debt. Innocent spouse relief under IRC §6015 is different in kind: it can relieve the requesting spouse from joint and several liability for tax attributable to the other spouse's understatement or underpayment on a joint return.

56. C — Filing a bankruptcy petition triggers the automatic stay under 11 U.S.C. §362, which halts most IRS collection actions, such as issuing new levies or filing new liens, while the case remains pending. This stay is separate from the question of whether the underlying tax debt is ultimately dischargeable in the case.

57. D — When an IRS levy is properly served and attaches to specific funds before a competing claim arises, the levy generally has priority over that later claim, since the levy reaches the taxpayer's rights in the property as of the date it attaches. Later claimants generally cannot displace an earlier-served, still-effective levy.

58. C — Responsible person status under the Trust Fund Recovery Penalty turns on whether an individual had significant authority and control over corporate finances, such as the power to decide which creditors got paid or the ability to sign payroll checks, rather than a job title alone or minimal, incidental involvement in operations.

59. A — IRC §6330 requires that the Appeals or Settlement Officer conducting a CDP hearing have had no prior involvement with the taxpayer's underlying liability for the tax periods at issue, unless the taxpayer waives that requirement. This independence safeguard is meant to provide a fresh, impartial review of the proposed collection action.

60. B — A federal tax levy reaches only the taxpayer's own rights to property, so for a jointly held bank account the IRS may generally levy funds to the extent of the delinquent taxpayer's interest as determined under applicable state law, and a non-liable joint owner may pursue an administrative or wrongful levy claim for their share.

61. C — IRC §6721(b)(1) reduces the information-return penalty to $60 per return when a filer corrects the error within 30 days after the required filing date. This lower tier rewards prompt self-correction and is distinct from the standard $330 penalty or the intentional-disregard penalty, neither of which applies here since Fenn's client corrected the addresses quickly and in good faith.

62. B — Before assessing the trust fund recovery penalty under IRC §6672, the IRS must issue Letter 1153, formally proposing the penalty and identifying the responsible person. The recipient then has 60 days (75 if mailed outside the United States) to file a written protest and request Appeals review before the IRS may proceed to assessment and collection.

63. D — Under IRC §6330(f), a disqualified employment tax levy applies when a taxpayer has pyramided unpaid employment tax liabilities in at least two of the preceding eight quarters. This designation allows the IRS to levy without first offering the taxpayer a pre-levy Collection Due Process hearing, though the taxpayer retains the right to a hearing after the levy.

64. A — IRC §6501(e) extends the assessment statute of limitations from three years to six years when a taxpayer omits from gross income an amount exceeding 25% of the gross income stated on the return. This extended period applies regardless of fraud and does not require the unlimited period reserved for false or fraudulent returns.

65. C — The IRS applies an 'ordinary business care and prudence' standard: whether the taxpayer exercised the same degree of care a reasonably prudent person would use under the circumstances, yet still could not comply with the tax obligation. Isolated, unavoidable events beyond the taxpayer's control weigh in favor of reasonable cause, while carelessness or indifference does not.

66. A — IRC §6654(e)(3)(B) allows the IRS to waive the estimated tax underpayment penalty for a taxpayer who retired after reaching age 62, or became disabled, in the tax year or the preceding tax year, if the underpayment resulted from reasonable cause rather than willful neglect. This is not an automatic waiver; the taxpayer must still show reasonable cause.

67. B — Reasonable cause exists where the taxpayer exercised ordinary business care and prudence but was still unable to comply due to circumstances beyond their control. A serious illness or hospitalization that incapacitates the taxpayer during the filing period, followed by prompt filing once able, is a recognized basis for reasonable cause relief from the failure-to-file penalty.

68. D — A whistleblower who disagrees with an award determination made by the IRS Whistleblower Office under IRC §7623(b) may petition the United States Tax Court for review within 30 days of the determination being mailed. This judicial review right applies to disputes over the award percentage as well as outright denials of any award.

69. C — Trust fund taxes subject to the §6672 penalty consist of federal income tax withheld from employees' wages and the employees' share of Social Security and Medicare (FICA) taxes withheld —

amounts the employer holds 'in trust' for the government. The employer's own matching FICA share and federal unemployment tax are not trust fund amounts.

70. A — The IRS Whistleblower Office generally takes reasonable steps to protect a whistleblower's identity and maintain confidentiality throughout the claim process, recognizing that disclosure could expose the individual to retaliation. While absolute confidentiality cannot always be guaranteed, particularly if testimony becomes necessary in litigation, protecting identity remains a core program priority.

71. B — Unlike §6651(f), which specifically enhances the failure-to-file penalty rate for fraudulent nonfiling, there is no comparable statutory enhancement of the failure-to-pay rate itself for fraudulent nonpayment. Instead, fraudulent conduct connected to nonpayment, such as deliberately concealing assets, is addressed separately through the civil fraud penalty under §6663, layered onto the unchanged ordinary failure-to-pay penalty.

72. C — The failure-to-pay penalty under IRC §6651(a)(2) accrues at 0.5% of the unpaid tax per month or partial month but is capped in the aggregate at 25% of the unpaid tax. Once that 25% ceiling is reached, no further failure-to-pay penalty accrues, though interest continues to run on the outstanding balance.

73. D — The IRS generally charges a lower user fee to establish an installment agreement when the taxpayer agrees to pay by direct debit rather than by check, online payment, or payroll deduction. This lower fee, along with additional relief for taxpayers meeting low-income criteria, is intended to encourage direct debit enrollment, which reduces missed-payment defaults.

74. B — Under IRC §6601, interest accrues not only on unpaid tax but also on most unpaid penalties, generally beginning from the date of notice and demand if the penalty is not paid within 21 days (10 business days for larger balances). This means Lindqvist's outstanding accuracy-related penalty continues generating interest until it is paid in full.

75. A — A taxpayer who has already paid a penalty but believes reasonable cause existed must file Form 843, Claim for Refund and Request for Abatement, with the IRS to seek recovery of the amount paid. This administrative claim generally must be filed within the applicable refund statute of limitations to preserve the right to a refund.

76. D — IRC §6502 sets the collection statute expiration date (CSED) at ten years from the date of assessment. Absent a suspending event such as bankruptcy, a pending offer in compromise, or a timely-filed collection due process request, the IRS generally loses its legal authority to collect the liability through levy or lawsuit once the ten years expire.

77. A — Submitting an offer in compromise suspends the running of the ten-year collection statute of limitations for the period the offer is pending, plus an additional 30 days after the IRS rejects the offer, and longer still if the taxpayer appeals the rejection. This tolling extends, rather than shortens, the government's time to collect.

78. B — IRC §6721(b)(2) applies a mid-tier penalty of $130 per return when a filer corrects an information-return error more than 30 days after the required filing date but on or before August 1 of that year. This tier is higher than the 30-day tier but lower than the standard penalty for uncorrected returns.

79. C — Under IRC §6721(a), the standard penalty of $330 per return applies to information returns that are not corrected by August 1 of the filing year. This is the highest per-return tier short of the enhanced penalty for intentional disregard, and it reflects the filer's failure to timely remedy the reporting error.

80. D — IRC §6673(a)(2) authorizes the Tax Court to require an attorney or other practitioner who unreasonably and vexatiously multiplies proceedings to personally satisfy the excess costs, expenses, and attorney's fees caused by that conduct. This sanction targets the practitioner directly, separate from any penalty imposed on the client under §6673(a)(1) for frivolous positions.

81. A — Under IRC §7623 and its regulations, if a whistleblower planned and initiated the actions leading to the underpayment, the Whistleblower Office may reduce the award below the otherwise applicable percentage, and may deny an award altogether if the whistleblower is later convicted of criminal conduct arising from that very role.

82. C — When multiple individuals are determined to be responsible persons under IRC §6672, each one is jointly and severally liable for the full trust fund recovery penalty amount. However, the government may not collect, in total from all responsible persons combined, more than the single unpaid trust fund tax underlying the original assessment.

83. D — Under IRC §6015(c), separation of liability relief is barred as to any item where the IRS demonstrates the electing spouse had actual knowledge, at the time the return was signed, of the specific item giving rise to the understatement. This actual-knowledge bar applies item by item, not to the return as a whole.

84. B — IRC §6721(c) provides a de minimis error safe harbor: if an error on an information return involves a dollar amount inaccuracy of $100 or less ($25 or less for a withholding item), no correction is required and no penalty applies, unless the payee affirmatively elects to require correction of the error.

85. C — Under the e-file perfection period, a return transmitted by its due date but rejected by the IRS is still treated as timely filed if the preparer corrects the error and successfully retransmits within five calendar days after the rejection notification. This grace period protects taxpayers from missing deadlines caused by technical transmission problems beyond their control.

86. D — Every paid tax return preparer must renew their PTIN annually. The IRS typically opens the renewal window in mid-October for the upcoming calendar year, and renewal must be completed by December 31. Preparing returns for compensation with an expired or unrenewed PTIN violates IRS requirements and may subject the preparer to penalties.

87. B — The IRS requires electronic filing of Form 2290 when a taxpayer is reporting 25 or more taxable vehicles on a single return, regardless of the amount of tax due. This mandate streamlines processing and issuance of the stamped Schedule 1 proof of payment, which vehicle owners need for state registration purposes.

88. A — Final regulations lowered the electronic filing threshold for most information returns, including Forms W-2 and 1099-NEC. Filers must now aggregate nearly all information return types together, and electronic filing becomes mandatory once that combined total reaches 10 or more returns for the calendar year, a significant reduction from the prior 250-return threshold.

89. A — Each year the IRS shuts down the Modernized e-File system for individual returns for a maintenance period, commonly beginning in late November, to prepare for the upcoming filing season. During this shutdown and cutover window, EROs cannot electronically transmit individual returns and must advise affected clients to file on paper if a deadline applies.

90. D — Form 1310 is not required when a surviving spouse files a joint return with the decedent and is claiming the refund. The IRS treats the joint filing itself as sufficient authorization. Form 1310 is instead required when a court-appointed representative has not been established and no surviving spouse is filing jointly.

91. B — E-file participation as an Electronic Return Originator requires an EFIN, which is available to any qualifying applicant regardless of credential type. Enrolled agent status affects a preparer's representation rights before the IRS under Circular 230, particularly regarding examinations and appeals, but it does not itself expand or restrict eligibility to transmit e-filed returns as an ERO.

92. C — A calendar-year partnership's Form 1065 is originally due March 15. Filing Form 7004 by that date grants an automatic six-month extension, moving the due date to September 15. This extended deadline differs from the individual and calendar-year C corporation extension dates, reflecting the distinct statutory due dates that apply to partnership returns.

93. B — A common business e-file rejection occurs when the EIN entered does not match the IRS's 'name control,' a short code derived from the legal business name on record. Correcting the business name to match IRS records exactly, or verifying the EIN itself, typically resolves this specific type of mismatch rejection before retransmission.

94. C — The Treasury Offset Program, administered by the Bureau of the Fiscal Service, intercepts federal tax refunds to satisfy certain past-due debts, including delinquent child support, other federal agency debts, and some state income tax obligations. The taxpayer receives a notice explaining the offset, the amount applied, and the agency that received the funds.

95. A — The Modernized e-File system generally supports electronic filing of original individual income tax returns for the current tax year and the two immediately preceding tax years. Original returns for years older than that window must be prepared and submitted on paper, since MeF does not accept electronic transmission of older original filings.

96. D — When a taxpayer misses the cutoff for standard electronic payment options, a same-day wire transfer through the taxpayer's own bank remains available. The taxpayer completes the IRS Same-Day

Taxpayer Worksheet and takes it to their financial institution, which initiates the wire; the bank may charge its own fee for this expedited same-day service.

97. D — The Modernized e-File system accepts joint returns in which one spouse has a valid Social Security Number and the other has a valid Individual Taxpayer Identification Number. An ITIN functions as a processing identification number for federal tax purposes, allowing couples in mixed-status situations to file jointly and electronically rather than being restricted to paper filing.

98. C — State e-file mandates are established under each state's own tax law and operate independently of the federal §6011(e) specified tax return preparer threshold. A preparer who falls below the federal 11-return threshold can still be required to e-file returns for state purposes if the state's own separate mandate and its criteria apply to that preparer.

99. A — A CP2100 notice alerts a payer that certain information returns contain a name and TIN combination that does not match IRS records. The payer must send the payee a B-Notice requesting a corrected TIN. If the payee does not respond correctly, the payer must begin backup withholding on future payments until the mismatch is resolved.

100. B — The IRS permanently permits electronic signatures on Forms 8878 and 8879 when the signing process includes acceptable identity verification, such as knowledge-based authentication questions, and captures required details like the signer's date, time, and IP address. This allows remote clients to validly authorize e-filing without an in-person, handwritten signature requirement.