PRACTICE EXAM 36: 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. Nathaniel Oakden, an enrolled agent, plans to stop practicing before the IRS but wishes to retain his credential without completing continuing education. Under Circular 230, what is the effect of electing voluntary inactive retirement status?

A. He must complete every CE hour each cycle as usual but receives a waiver of the renewal filing fee.
B. He is excused from CE while inactive but cannot practice or claim enrolled status until returning to active status.
C. He forfeits enrollment permanently and must retake the special enrollment examination to practice again.
D. He keeps full practice rights before the IRS but may not sign new engagement letters.

2. Priscilla Odom's enrollment as an EA lapsed after she failed to timely renew and the enrollment expired. Several clients had previously filed Forms 2848 naming her as their representative. What happens to those existing CAF authorizations once her enrollment lapses?

A. The CAF automatically transfers her authority to any enrolled colleague listed as a secondary representative.

B. The Forms 2848 remain fully valid indefinitely, since CAF records are not linked to enrollment status.

C. The IRS revokes the client's return but keeps her representative authority active for open exams.

D. Her authority to represent those clients ends, since valid representation requires current, active enrollment status.

3. Owen Baptiste wants to know whether reading tax journals and articles on his own time can count toward his EA continuing education requirement. Under Circular 230 §10.6(f), what determines whether a program qualifies for CE credit?

A. Any self-directed reading of tax publications automatically counts, since the format does not matter under §10.6(f).

B. Only in-person seminars count; self-study or online formats never satisfy the qualifying program requirement.

C. The activity must be a formal program of learning offered by a qualified sponsor, not informal personal study.

D. Credit is granted for any activity a practitioner personally certifies as beneficial to their tax practice.

4. Margarethe Lindqvist completed 16 hours of continuing education during the first year of her enrollment cycle, all of it in federal tax law updates. She completed no ethics coursework that year. Has she satisfied her CE requirement for that year?

A. No, because at least 2 of the required annual hours must specifically cover ethics or professional responsibility.

B. Yes, because any subject matter counts equally toward the annual CE minimum without a subtopic mandate.

C. No, because federal tax law hours cannot be applied toward the annual CE requirement at all.

D. Yes, provided she completes double the ethics requirement sometime later in the three-year cycle.

5. Eleanor Pruitt wants to be prepared in case the IRS ever requests proof of her continuing education compliance. What records should she retain to substantiate her claimed CE hours?

A. Only a personal handwritten log of estimated hours spent studying tax topics throughout the year.

B. Nothing is required, since the CE provider alone bears responsibility for maintaining all completion records.

C. A copy of her renewal application, since Form 8554 itself serves as sufficient CE proof.

D. Certificates of completion from qualified sponsors showing the course name, program dates, hours earned, and sponsor identification.

6. Adriana Marchetti is comparing two enrollment statuses she has heard about: voluntary inactive retirement and involuntary suspension. What is the key distinction between the two?

A. Voluntary inactive status is elected by the practitioner in good standing, while suspension is imposed for misconduct or violations.

B. Both statuses are functionally identical, differing only in the paperwork filed with the Director of the Return Preparer Office.

C. Voluntary inactive status is a disciplinary sanction, while suspension is always chosen freely by the practitioner.

D. Suspension permits continued practice before the IRS, while voluntary inactive status ends all practice rights immediately.

7. Silas Farrow completed only 10 hours of CE in the first year of his three-year enrollment cycle, well short of the annual minimum, though he plans to complete extra hours in year three to reach the 72-hour cycle total. Does this plan cure his year-one shortfall?

A. Yes, because only the cumulative three-year total matters and annual minimums have no independent significance.

B. Yes, provided the make-up hours in year three are double the amount he was short in year one.

C. No, because each year's minimum hour requirement must independently be satisfied and cannot be cured retroactively by later years.

D. No, because any shortfall in year one automatically voids the entire three-year enrollment cycle.

8. Corinne Aldrich voluntarily resigned her enrollment two years ago but continues to list "Enrolled Agent" on her business cards and website. Under §10.6(j), is this permissible?

A. Yes, because the designation belongs permanently to anyone who once passed the special enrollment examination.

B. No, because a former enrollee may not represent themselves as currently enrolled once status has ended.

C. Yes, as long as she discloses in small print that her enrollment technically lapsed years ago.

D. No, but only if she also lost her PTIN at the same time she resigned.

9. Jonas Pemberton is studying the difference between §10.7(b) and §10.7(c) of Circular 230. Which statement correctly distinguishes the two provisions?

A. §10.7(b) allows special, discretionary appearances not otherwise covered, while §10.7(c) lists specific limited-practice categories for unenrolled individuals.

B. §10.7(b) governs enrolled agents exclusively, while §10.7(c) applies only to attorneys and certified public accountants.

C. §10.7(b) and §10.7(c) are identical provisions, simply cross-referenced for organizational purposes within the regulation.

D. §10.7(b) covers written tax advice standards, while §10.7(c) covers only fee arrangements between practitioners and clients.

10. Vivienne Ostrander operates her EA practice entirely from a home office and occasionally works remotely while traveling. Does Circular 230 require her to maintain a fixed, dedicated physical office address to remain in good standing?

A. Yes, a street-address office separate from any residence is mandatory for every enrolled agent nationwide.

B. Yes, but only agents who represent corporate clients before IRS Appeals need a dedicated office.

C. No, Circular 230 does not require a practitioner to maintain a fixed physical office to practice.

D. No, but a fixed office is required unless the agent works exclusively for a single employer.

11. Micah Ellery holds only a PTIN and is not an enrolled agent, attorney, or CPA. He prepares returns for compensation but never represents clients before the IRS. Do any Subpart B duties of Circular 230 still apply to him under §10.8?

A. No, Subpart B applies exclusively to enrolled agents, attorneys, and certified public accountants who represent clients.

B. No, unenrolled preparers fall entirely outside Circular 230 and are governed only by the Internal Revenue Code.

C. Yes, but only the fee provisions of Subpart B apply, since he never appears before IRS personnel.

D. Yes, §10.8 extends certain Subpart B duties to individuals who prepare returns even without formal enrollment.

12. Colette Ainsworth submitted her Form 23 application for enrollment after passing all three parts of the SEE. While the Director of the Return Preparer Office reviews her application, may she represent herself as an enrolled agent or practice under that title?

A. Yes, submission of a complete application automatically grants provisional enrolled agent status pending final review.

B. No, she may not use the enrolled agent title or represent clients as one until enrollment is actually granted.

C. Yes, but only if she pays an expedited processing fee to receive immediate provisional status.

D. No, she must wait a mandatory one-year cooling-off period after passing the exam before applying at all.

13. Beatrix Sundberg, a former service member, argues that her honorable military service should automatically satisfy the character and suitability review required for EA enrollment. Is this correct under Circular 230?

A. Yes, honorable military discharge papers are accepted as a complete substitute for the standard suitability review.

B. Yes, but only for veterans who served in a combat zone for at least two full years.

C. No, military service does not by itself automatically satisfy the character and suitability review requirement.

D. No, veterans are categorically barred from enrollment regardless of an otherwise clean suitability record.

14. Griffin Renshaw, an enrolled agent, was deployed overseas on active military duty for most of an enrollment year and could not complete his required CE hours. Does Circular 230 provide any relief for this situation?

A. Yes, §10.6(g) allows the Director to grant a waiver of CE requirements for health, military service, or other good cause.

B. No, active military deployment has no bearing on CE obligations, which apply uniformly regardless of circumstance.

C. Yes, but only enrolled retirement plan agents, not enrolled agents, qualify for any CE waiver provision.

D. No, the only available remedy is immediate voluntary inactive retirement status for the remainder of the cycle.

15. Imogen Whitcross applies for renewal of her enrollment but her CE records show she completed only 60 of the required 72 hours across the full three-year cycle, with no waiver on file. What is the likely consequence of this cycle-wide shortfall at renewal?

A. None, since the IRS only tracks CE compliance for the current year, not the full cycle total.

B. Her renewal application may be denied or delayed until she demonstrates compliance or shows acceptable cause for the deficiency.

C. Her enrollment automatically converts to enrolled retirement plan agent status until hours are made up.

D. Her PTIN is revoked immediately, though her separate enrollment status remains entirely unaffected by the shortfall.

16. Leandro Fitch has been in voluntary inactive retirement status for four years and now wants to resume active practice before the IRS as an enrolled agent. What must he do to return to active enrollment status?

A. Nothing further is required; inactive status automatically converts back to active on the practitioner's request date.

B. He must retake and pass all three parts of the special enrollment examination before resuming practice.

C. He must obtain a new PTIN and file it jointly with a fresh Form 23 application.

D. He must notify the Director in writing and satisfy any applicable CE requirements to resume active status.

17. OPR has filed two separate disciplinary complaints against enrolled agent Wendell Ashcombe within the same year, one alleging failure to exercise due diligence and another alleging a separate act of disreputable conduct. Both complaints involve overlapping witnesses and evidence. Which of the following best describes OPR's available procedural option?

A. OPR must dismiss the earlier complaint and refile a single amended complaint containing both sets of allegations

B. OPR is barred from pursuing more than one complaint against the same practitioner in a single calendar year

C. OPR may request that the presiding officer consolidate the two complaints for a single hearing since they involve common questions of fact

D. The two complaints must be heard by two different administrative law judges to avoid the appearance of bias

18. Enrolled agent Corina Thistlewood pled guilty in federal court to a crime involving breach of trust unrelated to her tax practice. She has filed a timely appeal of the conviction, which remains pending. May OPR institute an expedited suspension proceeding against her under §10.82 while the appeal is still pending?

A. No, expedited suspension may not begin until every avenue of appeal has been exhausted

B. No, OPR must instead wait for a full disciplinary hearing before an ALJ before acting

C. Yes, but only if the appellate court first denies a stay of the conviction

D. Yes, expedited suspension based on the conviction may proceed even while the appeal remains pending

19. While a formal Circular 230 disciplinary complaint against him was pending, enrolled agent Douglas Pemrose submitted a letter voluntarily surrendering his enrollment to practice before the IRS. What is the effect of this surrender on the pending proceeding?

A. The surrender does not automatically terminate the pending proceeding, and OPR may still seek a formal decision

B. The surrender immediately moots the complaint, and OPR must dismiss the proceeding with prejudice

C. The surrender converts the matter into a private settlement that is not entered on the public disciplinary record
D. The surrender automatically results in reinstatement eligibility after ninety days regardless of the underlying charges

20. Attorney Prentiss Osei, who also holds a state law license, was censured by OPR for violating Circular 230. Is OPR required, as a matter of course under Circular 230, to formally report the censure to Osei's state bar licensing authority?

A. Yes, §10.50 mandates automatic transmittal of every sanction decision to the corresponding state licensing board
B. No, Circular 230 does not impose an automatic reporting requirement, though OPR may choose to notify the state authority separately
C. No, and OPR is affirmatively barred by statute from ever communicating with state licensing boards about a sanction
D. Yes, but only when the sanction imposed is disbarment and never for a lesser sanction such as censure

21. Enrolled agent Priscilla Vandermolen received a censure from OPR for a Circular 230 violation. How does a censure affect her ability to continue practicing before the IRS going forward?

A. She may not practice before the IRS for a mandatory two-year period following the censure
B. She must reapply for enrollment as though her prior enrollment had lapsed entirely
C. She may practice, but only under the direct supervision of another enrolled practitioner for one year
D. She may continue practicing before the IRS without restriction, but the censure remains a permanent public record

22. In a pending Circular 230 disciplinary hearing, OPR believes there is no genuine dispute as to any material fact regarding one of the charges against enrolled agent Fenwick Aldergate and that it is entitled to prevail on that charge as a matter of law. What procedural mechanism allows OPR to seek a ruling on that charge before a full hearing on the merits?

A. A petition for a temporary restraining order filed with the appellate authority

B. A motion for summary adjudication filed with the administrative law judge

C. An interlocutory appeal directly to the Secretary of the Treasury

D. A request for judicial notice filed with the appellate authority

23. OPR filed a disciplinary complaint against enrolled agent Percival Wyndham, and the time set for filing an answer has passed without any response from him. Under §10.69, what is the likely procedural consequence of his failure to timely answer?

A. The complaint is automatically dismissed for OPR's failure to obtain a timely response

B. The administrative law judge must independently investigate the allegations before proceeding further

C. Every allegation in the complaint may be deemed admitted, and a decision may be rendered by default

D. OPR must refile the complaint with a new, extended deadline before any further action can be taken

24. Enrolled agent Thaddeus Corwin was suspended from practice before the IRS for six months. His firm employs two other enrolled agents who were not named in the disciplinary complaint and who had no involvement in Corwin's misconduct. What is the effect of Corwin's suspension on those two colleagues under §10.77?

A. Their eligibility to practice before the IRS is unaffected, since a sanction does not automatically extend to uninvolved colleagues

B. Both colleagues are automatically placed on probationary status for the duration of Corwin's suspension

C. Both colleagues must immediately withdraw from every case in which Corwin previously assisted them

D. Both colleagues are required to co-sign an affidavit disclosing Corwin's suspension to each client of the firm

25. Six years after being disbarred, former enrolled agent Ottmar Kessler files a petition for reinstatement under §10.81. He notes that the mandatory waiting period has fully elapsed. Beyond the mere passage of that waiting period, what else must OPR or the Secretary's designee evaluate before granting reinstatement?

A. Nothing further; the waiting period alone is the only requirement, and reinstatement follows automatically once it expires

B. Only whether Kessler has paid all outstanding continuing education fees owed to a third-party provider

C. Only whether Kessler's original disbarment was based on a criminal conviction rather than a civil violation

D. Whether Kessler's conduct since disbarment shows genuine rehabilitation and no violations that would make reinstatement contrary to the public interest

26. OPR has evidence that enrolled agents Lucinda Farraday and Rupert Ansgar, who worked together as co-preparers on the same set of fraudulent returns, each independently committed disreputable conduct through their joint scheme. May OPR name both practitioners as co-respondents in a single disciplinary complaint rather than filing two separate complaints?

A. Yes, OPR may join multiple practitioners as co-respondents in one complaint when the charges arise from related conduct

B. No, Circular 230 requires a wholly separate complaint and separate hearing for each individual practitioner in every instance

C. No, joint complaints are permitted only when the practitioners are married to one another or share ownership of a firm

D. Yes, but only if both practitioners consent in writing to being named together before the complaint is filed

27. Enrolled agent Beatriz Solano routinely prepared federal income tax returns for paying clients but, in a consistent practice over several filing seasons, deliberately left the paid preparer signature line blank to avoid being formally identified as the preparer of record. Which provision of Circular 230 does this conduct most directly implicate?

A. §10.30, governing restrictions on solicitation and advertising by practitioners

B. §10.51(a)(7), treating willful failure to sign a compensated return as disreputable conduct

C. §10.34, governing the standards a practitioner must meet in advising on undisclosed tax return positions

D. §10.68, governing the availability of summary adjudication in a contested disciplinary proceeding

28. Enrolled agent Cassius Nembhard agreed to prepare an original, non-amended Form 1040 for a new client in exchange for a fee calculated as a percentage of whatever refund the return generated, outside any of the narrow exceptions Circular 230 recognizes for contingent fee arrangements. Which provision governs the propriety of this fee arrangement?

A. §10.36, governing procedures to ensure compliance within a firm
B. §10.22, governing the diligence a practitioner must exercise as to accuracy
C. §10.27, governing permissible and prohibited fee arrangements, including contingent fees
D. §10.51(a)(1), governing conviction of certain criminal offenses

29. After reviewing additional documentation submitted by enrolled agent Delphine Osterman in response to a filed complaint, OPR concludes the evidence supporting one of the charges is insufficient to proceed. What procedural option allows OPR to remove that charge from the case before the matter reaches a hearing?

A. OPR has no mechanism to remove a charge once a complaint has been formally filed and served
B. OPR may withdraw the deficient charge by amending the complaint or filing a notice of withdrawal before the hearing
C. OPR must proceed to a full hearing on every charge as originally filed regardless of later-discovered weaknesses
D. Only the administrative law judge, acting entirely on their own initiative, may remove a charge from a filed complaint

30. The final decision suspending enrolled agent Roscoe Villanueva specifies that his suspension begins on a stated future date rather than the date his earlier misconduct occurred. Is this consistent with how Circular 230 sanctions generally take effect?

A. Yes, a suspension or disbarment sanction generally runs prospectively from the decision's effective date, not retroactively to the misconduct
B. No, every sanction must be applied retroactively to the exact date the underlying misconduct first took place
C. No, sanctions take effect automatically on the date OPR first opens its investigative file into the practitioner
D. Yes, but only because Villanueva specifically requested a delayed effective date in a written motion

31. During enrolled agent Odalys Ferrante's twelve-month suspension, a prospective client searches the IRS's published list of practitioners not currently eligible to practice before the agency. How does Ferrante's listing during this period compare to how a disbarred practitioner would appear on that same list?

A. Ferrante would not appear on any published list at all, since only disbarred practitioners are ever listed

B. Ferrante would appear permanently, with no indication that her ineligibility is temporary rather than permanent

C. Ferrante would appear only if she also lost a separate state professional license during the same period

D. Ferrante would appear similarly to a disbarred practitioner, but her listing reflects a temporary status ending once the suspension expires

32. Harriet Voss's exam of a Schedule C issue is nearing completion with a single factual disagreement remaining on inventory valuation. The revenue agent and Harriet's EA both want a faster alternative to the standard appeals process for this small, discrete dispute. Which IRS program is designed for exactly this situation?

A. Rapid Appeals Process, reserved for cases already docketed in Tax Court

B. Fast Track Settlement, available only after a 90-day letter is issued

C. Fast Track Mediation, designed for smaller, single-issue disputes still open in examination

D. Post-Appeals Mediation, available only after a case has left Appeals unresolved

33. Lyle Bannerman has not filed returns for two prior years, and the IRS prepared substitutes for return and proposed adjustments. Cassandra Wexler, who files normal returns, separately disputes an itemized deduction adjustment after a correspondence exam. Both taxpayers receive a document giving them 30 days to respond before assessment. Which distinction correctly describes the letters each will receive?

A. Both taxpayers receive Letter 525, since it applies to filers and nonfilers alike

B. Lyle receives Letter 525 as a nonfiler, while Cassandra receives Letter 3391 as a filer

C. Lyle receives Letter 3391 as a nonfiler, while Cassandra receives Letter 525 as a filer

D. Both taxpayers receive Letter 3391, since it applies uniformly to any proposed adjustment

34. Theo Ravenscroft is the designated Partnership Representative for a multi-member LLC taxed as a partnership under the centralized partnership audit regime enacted by the Bipartisan Budget Act of 2015. When the IRS examines the partnership's return and determines an adjustment, at what level is that adjustment generally determined and, absent an election, collected?

A. At the partnership level itself, with the partnership generally liable for any resulting tax
B. At the state level, based on where the partnership's principal office is located
C. At the shareholder level, consistent with S corporation pass-through examination rules
D. At the individual partner level only, with each partner separately examined

35. Nadia Fontaine, an EA, is completing Form 2848 for a new client and reviewing the specific-acts section on Line 5a. Her client wants Nadia to have the ability to name an additional representative later without filing an entirely new power of attorney naming all prior representatives again. Which acknowledgment on Line 5a accomplishes this?

A. Authorization to execute a closing agreement binding on both the taxpayer and IRS
B. Authorization to substitute or add another representative without the taxpayer's further signature
C. Authorization to receive, but not negotiate, any refund check issued to the taxpayer
D. Authorization to sign the taxpayer's return in place of the taxpayer

36. Silas Grantham, an EA, is preparing a client's response to an examination of claimed travel expenses for business trips. The client has no receipts but credibly testifies to the trips occurring. Under section 274(d), how does the strict substantiation requirement affect the traditional Cohan rule allowance of estimated expenses for this category?

A. Cohan estimates remain fully available for travel expenses regardless of section 274(d)
B. Section 274(d) applies only to entertainment expenses, leaving travel subject to Cohan estimates
C. The examiner must accept the client's credible testimony alone as adequate substantiation
D. Section 274(d) overrides Cohan estimates, requiring specific documentary substantiation for travel expenses

37. Ophelia Castillo's field examination was assigned to a revenue agent in a territory office several states away from where her records and business are actually located, purely due to how her return was initially routed. Her EA wants the case moved to the territory office covering her business's actual location. What is the correct procedural avenue?

A. Request in writing that the IRS transfer the exam to the appropriate territory office

B. File Form 8821 authorizing the new territory office to independently open a second exam

C. Wait until the exam concludes, then request reconsideration in the correct territory office

D. Petition the Tax Court to order the transfer before the examination begins

38. Rufus Delaney is an unenrolled, non-credentialed preparer who prepared and signed the return currently under examination. He holds a valid PTIN but is not an EA, CPA, or attorney. Before which IRS personnel may Rufus represent the client regarding this specific return, and to what extent?

A. He may represent the client before Appeals officers and in Tax Court proceedings

B. He may represent the client only before revenue agents and customer service representatives

C. He may represent the client before any IRS employee, identical to an EA's rights

D. He may not represent the client under any circumstances without additional credentials

39. Yolanda Renfrew already has a valid Form 2848 on file naming her EA and her CPA as co-representatives before the IRS. She now wants to add a third representative, an attorney, without disturbing the authority already granted to the EA and CPA. What should be filed?

A. A written statement revoking the entire prior power of attorney before naming any new representative

B. Form 8821 naming the attorney solely as an information-only recipient of IRS transcripts

C. A new Form 2848 naming the attorney, without checking the box revoking the prior authorization

D. A single amended Form 2848 that automatically voids all previously listed representatives

40. Emmett Sorensen contacts the Taxpayer Advocate Service, explaining that an IRS delay in processing his amended return has caused an imminent eviction because he needs the refund to pay rent. Under TAS's case acceptance criteria, which category best supports TAS accepting his case?

A. A systemic burden case, based on an IRS process failing many similarly situated taxpayers
B. A best-interest case, reserved only for situations involving significant IRS discretionary action
C. A legislative recommendation case, reserved for proposing changes to the Internal Revenue Code
D. An economic burden case, based on immediate financial hardship from an IRS delay

41. Ingrid Halloway holds credentials as an enrolled retirement plan agent (ERPA) rather than as an EA. A client asks her to represent them regarding an individual income tax examination involving Schedule C income unrelated to any retirement plan. Can Ingrid represent the client in this matter?

A. Yes, because ERPA credentials confer unlimited practice rights identical to an EA's
B. Yes, but only if she first obtains a separate EA credential for the engagement
C. No, because her practice is limited to specific retirement plan and employee benefit matters
D. No, because ERPAs may only prepare returns and may never represent taxpayers at all

42. Dashiell Monroe, an EA, has just had a client sign Form 2848 and wants to get it on file with the IRS before an upcoming phone call with a revenue agent who is not yet assigned to a specific unit. Which submission method is available to Dashiell for routine, non-case-specific filing?

A. Fax or upload the form to the CAF unit or IRS's online submission tool
B. Mail the form directly to the Taxpayer Advocate Service national office in Washington
C. File the form only through the U.S. Tax Court's electronic filing portal
D. Submit the form exclusively through a state board of accountancy's licensing portal

43. Petra Lindgren's field exam is approaching the end of the normal three-year assessment period, and the revenue agent has not finished analyzing several complex issues. The agent asks Petra to sign a consent extending the time the IRS has to assess additional tax. Which form accomplishes this extension?

A. Form 4868, extending the deadline for filing the original return itself
B. Form 9465, establishing an installment agreement for the anticipated liability
C. Form 2848, granting a representative additional settlement authority for the case
D. Form 872, consenting to extend the statute of limitations on assessment

44. Cyrus Abernathy holds a valid PTIN and has completed the IRS's Annual Filing Season Program, receiving a Record of Completion for the current year. He is not an EA, CPA, or attorney. He prepared and signed the return now under a correspondence exam. What is the extent of his representation rights for this return?

A. Unlimited representation rights before any IRS office, identical to an enrolled agent
B. Limited representation rights before revenue agents and customer service, for the return he prepared
C. No representation rights whatsoever, since AFSP participation confers no practice privileges
D. Representation rights limited strictly to Appeals conferences and Tax Court petitions

45. Marlowe Ashworth receives an initial correspondence examination notice from the IRS regarding a disallowed charitable contribution, along with an enclosed IRS publication explaining the examination process, appeal rights, and what to expect at each stage. Which publication is typically enclosed with this type of notice?

A. Publication 3498-A, The Examination Process, explaining the correspondence exam process and taxpayer rights
B. Publication 594, The IRS Collection Process, describing enforced collection procedures after assessment
C. Publication 556, Examination of Returns, Appeal Rights, and Claims for Refund generally
D. Publication 17, a general guide to individual income tax rules and filing

46. A prospective client asks Roderick Tanaka, an EA, whether his ability to represent taxpayers before the IRS is restricted to the state where he lives, similar to how a CPA's state license may limit practice to certain jurisdictions. What is the accurate answer regarding an EA's practice rights?

A. Yes, EAs may only represent taxpayers residing in the same state as the EA
B. No, EA status is a federal credential granting practice rights nationwide, not state-limited
C. No, but EAs must still register separately in each state where a client resides
D. Yes, EAs must renew a separate license in every state before representing clients there

47. Harriet Osgood owned real property in County A when the IRS assessed her tax liability and filed a Notice of Federal Tax Lien in County A's land records. She later moved and purchased a new residence in County B, but the IRS never filed a separate NFTL there. Under IRC §6323(f), how does the lien affect a purchaser of the County B residence?

A. The lien is unenforceable against the County B residence entirely, because NFTL filings do not extend beyond the county where the original notice was recorded
B. The lien is automatically void as to County B property because §6323(f) demands a brand-new NFTL filing whenever a taxpayer relocates across county lines
C. The lien attaches only to property titled in County A, since a §6321 lien cannot follow a taxpayer into a different filing jurisdiction
D. The lien attaches to the County B residence under §6321, but the IRS must file an NFTL in County B to gain priority over later purchasers and creditors there

48. The IRS mistakenly filed a Notice of Federal Tax Lien against Desmond Kallaway for a liability that had already been paid in full two years earlier. Kallaway proves the error and the IRS agrees the filing was improper. Which remedy is available to him?

A. He may only request that the lien be subordinated to a future mortgage, since erroneous NFTLs cannot be released once recorded
B. He may request the IRS reduce the recorded lien amount to zero but cannot obtain any certificate documenting the correction
C. He may obtain a certificate of release stating the erroneous filing and pursue §7432 damages for the IRS's failure to release it
D. He may only appeal through Collection Due Process, since §7432 damages apply exclusively to wrongful levies, not erroneous lien filings

49. Priya Castleford is selling her home, which is subject to a recorded federal tax lien, and needs the lien removed from that specific property so the sale can close, while the IRS retains its claim against her other assets. Which §6325 provision should she request?

A. A certificate of non-attachment, which declares the lien never attached to any of her property
B. A certificate of discharge, which removes the lien from that specific property while the underlying liability and lien on other assets remain
C. A subordination of the lien, which keeps the lien attached but allows another creditor to move ahead of it in priority

D. A withdrawal of the NFTL, which erases the public filing entirely and treats the lien as though it had never been filed

50. Leonard Strathmore transferred his personal residence to Millbrook Ventures LLC, an entity he wholly controls and treats as his own, shortly after the IRS assessed a large tax liability against him. He continues to live in the home and pay all expenses personally. What theory could the IRS use to reach the property despite the transfer?

A. The fraudulent conveyance theory under state law only, which requires the IRS to prove the transfer occurred for less than fair value

B. The transferee liability theory under §6901, which allows the IRS to assess the LLC directly for Strathmore's unpaid income tax

C. The nominee or alter ego theory, arguing the LLC holds bare legal title while Strathmore retains true beneficial ownership and control

D. The successor liability theory, which applies exclusively when a business acquires the assets of another business with unpaid trust fund taxes

51. The IRS levied on a bank account titled solely in Bianca Halloran's name to collect her ex-husband's separate tax liability, even though Halloran was never liable for that debt and the funds were entirely her own. What remedy allows her to recover the wrongfully levied funds?

A. She may file an administrative wrongful levy claim under §6343(b), and if denied may bring suit under §7426 to recover the property

B. She must wait until her ex-husband's liability is fully resolved before any funds can be returned to her

C. She has no remedy because levies on jointly-titled accounts are conclusively presumed to belong to the assessed taxpayer

D. She may only request currently not collectible status on her ex-husband's account to stop further collection activity

52. The IRS Collection function assigns delinquent accounts either to the Automated Collection System (ACS) or to a field revenue officer. Emeka Adubato, an enrolled agent, wants to know what generally determines which channel handles a given case. Which factor most accurately describes the distinction?

A. ACS handles only individual taxpayers, while field revenue officers handle exclusively business entity cases regardless of dollar amount

B. Assignment is determined solely by the taxpayer's state of residence, with each IRS campus handling only in-state accounts

C. ACS and field revenue officers handle identical caseloads, and cases are assigned randomly with no distinguishing criteria applied

D. ACS typically handles less complex, lower-dollar accounts by phone and correspondence, while revenue officers are assigned higher-dollar, complex, or unresponsive cases needing in-person contact

53. The IRS served a levy on an insurance company to reach the cash surrender value of a life insurance policy owned by Colin Fairweather. Under §6332(b), what must the insurance company do after receiving the levy?

A. Immediately surrender the entire cash value within 5 business days or face personal liability for the full policy amount

B. Cancel the policy outright and remit the death benefit amount to the IRS in place of the cash surrender value

C. Ignore the levy unless a court order specifically directs payment, since insurance contracts are exempt from administrative levy

D. Satisfy the levy by surrendering the cash value 90 days after service, unless the policy is used as collateral or another satisfaction occurs first

54. Rosalind Etchingham's wages were being levied when she contacted the IRS and entered into an approved installment agreement to pay her liability in monthly installments. What is the effect on the existing wage levy under §6343?

A. The levy continues in full force alongside the installment agreement until the entire balance is paid off

B. The IRS must generally release the levy once the installment agreement is accepted, unless the agreement provides otherwise

C. The levy automatically converts into a one-time levy on her next paycheck only, then terminates on its own

D. The levy can only be released if Etchingham also posts a bond equal to the total outstanding liability

55. Anton Bergqvist, a corporate officer found responsible for his company's failure to pay payroll taxes, is assessed the Trust Fund Recovery Penalty. Which amounts are properly included in that penalty?

A. The employer's share of Social Security and Medicare tax plus the full FUTA liability for the quarter
B. The entire payroll tax deposit, including both the employer and employee shares of all payroll taxes owed
C. The withheld federal income tax plus the employee's share of Social Security and Medicare tax that was not paid over
D. Only the withheld federal income tax, excluding any portion of employee Social Security or Medicare tax withheld

56. Both Simone Beaumont and Warrick Donnelly are determined to be responsible persons for the same unpaid trust fund taxes at their company and are each assessed the Trust Fund Recovery Penalty. How does their liability work?

A. Each is jointly and severally liable for the full penalty, but total collection from both cannot exceed the unpaid trust fund amount
B. Each is liable for exactly half of the penalty, since liability is automatically divided equally among all responsible persons
C. Only the more culpable of the two may be assessed, and the other is automatically released from liability
D. Each is liable only in proportion to their ownership percentage in the company, similar to a partnership liability allocation

57. Felicity Marsh's offer in compromise was accepted, but two years later she failed to file and pay her current-year tax return on time, breaching a condition of the accepted offer. What is the most likely consequence?

A. Nothing happens as long as she eventually files the delinquent return before the IRS notices the default
B. The IRS may declare the offer in default, reinstate the original liability minus payments made, and resume collection
C. The IRS must automatically forgive the missed condition and treat the offer as still fully in compliance

D. The offer is permanently voided and Marsh becomes ineligible to file any future offer for the remainder of her life

58. Grover Timmons is facing an IRS levy on his personal property. Under §6334(a), which category of property is statutorily exempt from levy, up to a limited dollar amount?

A. Retirement accounts of any type, which are fully and permanently exempt from IRS levy under all circumstances

B. All real property used as a primary residence, regardless of the amount owed or any prior court approval

C. Any property acquired within the twelve months preceding the levy, regardless of its nature or use

D. Fuel, provisions, furniture, and personal effects up to an indexed dollar limit, plus certain tools of a trade up to a separate indexed limit

59. The IRS seized Adaeze Nwachukwu's rental real property to satisfy her unpaid tax liability and is preparing to sell it at public auction. Before the sale, what does §6335 require the IRS to determine?

A. A minimum bid price, based on an appraisal of the property's value, below which the property will not be sold

B. A fixed sale price equal to exactly 80 percent of the property's assessed local tax value, with no appraisal needed

C. Nothing; §6335 allows the IRS to sell seized real property at any price a bidder is willing to offer

D. A minimum bid set solely at the amount of the unpaid tax liability, regardless of the property's actual market value

60. After filing a Notice of Federal Tax Lien against Miles Thackeray, within how many business days must the IRS notify him of the filing, separate from and prior to the 30-day window in which he may request a Collection Due Process hearing?

A. 10 business days, matching the same period used for the final notice of intent to levy

B. 30 business days, running concurrently with the CDP hearing request period itself

C. 5 business days after the NFTL filing, not from the date of assessment

D. 60 business days, measured from the date of the underlying tax assessment rather than the filing

61. Brian Castellon, a farmer, claimed a fuel tax credit on his return that the IRS determined was excessive, with no reasonable basis for the claim. Which penalty applies under IRC §6675?

A. 10% of the excessive fuel tax credit claimed, capped at $1,000
B. A flat $5,000 penalty regardless of the excessive amount claimed
C. 75% of the excessive amount claimed, treated as civil fraud
D. The greater of $10 or 200% of the excessive amount claimed

62. Wilhelmina Ostwald, a paid preparer, timely filed her client's individual return but never furnished the client a copy of the completed return as required. Under §6695(a), what penalty applies for this specific failure?

A. A percentage-based penalty equal to 20% of the preparer's fee charged for the return
B. A fixed dollar penalty per failure to furnish a copy, subject to an annual maximum
C. No monetary penalty applies, only a formal reprimand entered on the preparer's PTIN record
D. The same flat $5,000 penalty that applies to willful or reckless understatement of liability

63. Gavin Pearce submitted a request for an installment agreement that contained a position identified by the IRS as frivolous, intended to delay collection. Which penalty may the IRS impose under §6702(b)?

A. A $5,000 penalty for a specified frivolous submission
B. A $25,000 penalty identical to the frivolous return penalty
C. No penalty, since §6702 applies only to filed tax returns
D. A 20% accuracy-related penalty on the disputed liability amount

64. Marcus Deighton, a corporate officer, was found to have willfully failed to collect and pay over withheld employment taxes to the IRS despite having sufficient funds available to do so. Beyond the civil Trust Fund Recovery Penalty, under IRC §7202 what additional exposure does this willful conduct create?

A. No additional exposure exists, since §7202 duplicates the civil penalty and cannot be separately charged

B. Only a civil injunction barring him from future payroll responsibilities at any company

C. Criminal felony liability, since §7202 makes willful failure to collect and pay over such taxes a felony

D. A misdemeanor citation only, since §7202 is limited to first-time payroll violations

65. Adrian Fenrick operates a tax preparation firm with several employed preparers. Under §6060, what recordkeeping obligation applies to the firm?

A. Maintaining copies of every client's Form 8821 for three years

B. Maintaining a list of employed preparers available to the IRS

C. Filing an annual firm-wide disclosure statement identifying all clients served

D. Reporting each employed preparer's PTIN directly to the Whistleblower Office

66. Marissa Tolliver asked her tax preparer why the return required her Social Security number even on schedules that reported no income of her own. What general rule under §6109 explains this requirement?

A. Identifying numbers are required only when a refund is claimed

B. Identifying numbers are optional unless the IRS specifically requests them

C. Identifying numbers must be furnished as prescribed on returns and related documents

D. Identifying numbers are required solely for taxpayers claiming dependents

67. Preston Weatherby discovered an error understating income on his previously filed return and filed a qualified amended return before receiving any indication of an IRS inquiry. What is the effect of this filing?

A. It can prevent the tax from being treated as an understatement for penalty purposes

B. It automatically extends the assessment statute of limitations by three years

C. It converts any potential fraud exposure into a civil accuracy-related penalty

D. It has no legal effect unless the IRS has already begun an examination

68. Ivy Thornton claimed a charitable deduction for donated artwork based on a qualified appraisal that later proved to overstate the item's value. She had no reason to doubt the appraiser's qualifications or methodology. How does this affect the accuracy-related penalty analysis?

A. The penalty applies automatically because valuation misstatements have no reasonable cause defense
B. The penalty is waived only if the appraiser is later found personally liable
C. Reliance on an appraisal is irrelevant to the reasonable cause determination
D. Good-faith reliance on a qualified appraisal can support a reasonable cause defense

69. The IRS determined that a portion of Trent Ambrose's underpayment was attributable to civil fraud and asserted the fraud penalty under §6663 on that portion. May the IRS also impose the §6662 accuracy-related penalty on that same portion of the underpayment?

A. Yes, both penalties apply cumulatively to maximize the total assessment
B. Yes, but only if the taxpayer fails to petition Tax Court
C. No, the accuracy-related penalty cannot apply to that same underpayment portion
D. No, because the fraud penalty automatically converts into the accuracy-related penalty

70. Paulette Grimes filed a timely request for innocent spouse relief under §6015 but died before the IRS made a determination. What happens to her pending request?

A. Her estate or a properly authorized representative may pursue the request to completion
B. The request is automatically dismissed as moot upon the requesting spouse's death
C. Relief becomes automatically granted since no determination was reached before death
D. Only the surviving non-requesting spouse may continue pursuing the claim

71. Georgina Pike filed a claim for refund with the IRS. The IRS neither allowed nor disallowed the claim within six months. Under §7422, what is her earliest option for pursuing the matter in court?

A. She must wait a full 24 months from filing before any suit may be filed
B. She may file suit for refund after six months have elapsed without IRS action
C. She must first obtain a formal notice of claim disallowance before any suit

D. She may only pursue the matter through the Whistleblower Office at that point

72. Wesley Nakashima was scheduled for an in-person interview with an IRS revenue agent and wanted to make an audio recording of the session. Under §7521, what is required for him to do so?

A. Recording is never permitted under any circumstances during an IRS interview
B. Recording is permitted only if the revenue agent independently consents in writing
C. Recording requires prior approval from the Taxpayer Advocate Service exclusively
D. Recording is permitted if he provides advance written notice to the IRS

73. An IRS examiner suspected that Faye Corrigan's records were incomplete and issued a formal summons requiring her to produce books and records relevant to determining her tax liability. What authority supports this action?

A. §6320, which governs collection due process notice procedures
B. §7433, which authorizes damages for unauthorized collection actions
C. §7602, which authorizes summonses to examine books, records, and testimony
D. §7811, which authorizes taxpayer assistance orders for hardship cases

74. The IRS issued a summons to Anders Brennan's bank seeking records related to his accounts as part of an examination. Under §7609, what right generally applies to Anders regarding this third-party summons?

A. He has no right to any notice since the summons targets the bank only
B. He may block enforcement simply by objecting informally to the bank directly
C. He must be notified but has no right to challenge the summons
D. He is generally entitled to notice and may petition to quash the summons

75. Miriam Dutton was facing an imminent threat of adverse action by the IRS that would cause significant hardship, and normal administrative channels had not resolved the problem. What remedy could she pursue under §7811?

A. A formal request for abatement of interest due to unreasonable IRS delay
B. A Taxpayer Assistance Order issued by the National Taxpayer Advocate
C. An automatic 15% levy release without any application requirement
D. A civil action for damages against the IRS under §7433

76. Marcus Berenson disputed the accuracy of a Form 1099 issued by a third party and fully cooperated with the IRS, providing all reasonably requested information. Under §6201(d), what happens to the burden of production regarding that item?

A. The burden shifts to the IRS to provide reasonable substantiation beyond the information return
B. The burden remains entirely with the taxpayer regardless of cooperation
C. The burden shifts only if the taxpayer files suit in the Court of Federal Claims
D. The burden shifts permanently to the third party that issued the return

77. Esther Brantley, an enrolled agent, wanted to charge a contingent fee for preparing an original tax return. Under Circular 230 §10.27, is this permitted?

A. No, contingent fees for preparing an original return are generally prohibited
B. Yes, contingent fees are always permitted for any representation service
C. Yes, but only if the client is a corporation rather than an individual
D. No, but only because the IRS prohibits all fee arrangements above $5,000

78. Vivienne Castellane, an enrolled agent, discovers she has inadvertently been assigned two different Centralized Authorization File (CAF) numbers over her career after a prior clerical mix-up. What is the appropriate action?

A. Nothing; practitioners routinely operate under multiple CAF numbers with no issue
B. Immediately cease all representation until the IRS issues a brand-new enrollment card
C. Contact the CAF unit to have the duplicate consolidated, since a practitioner should hold only one CAF number
D. Simply choose whichever CAF number is more recent and disregard the older one going forward

79. Evander Pemberly, an enrolled agent licensed in his state as a CPA as well, had his state CPA license summarily suspended for professional misconduct unrelated to any federal tax matter. Under §10.82(a), what effect can this state suspension have on his standing before the IRS?

A. None; only a federal tax-related violation can ever be grounds for an OPR disciplinary action

B. It can independently support an expedited IRS suspension proceeding, without requiring a full administrative hearing first

C. It automatically disbars him permanently from IRS practice with no possibility of any hearing at any stage

D. It has no effect unless the state itself formally notifies OPR in writing within 10 calendar days

80. Silas Cranmer, an enrolled agent, was convicted of a criminal offense involving dishonesty unrelated to tax practice. Could this conviction serve as grounds for suspension or disbarment under Circular 230 §10.51?

A. No, only convictions for tax crimes can ever trigger disciplinary action

B. No, a criminal conviction is never relevant to Circular 230 discipline

C. Yes, but only if the conviction directly involved a tax return

D. Yes, conviction of a crime involving dishonesty qualifies as disreputable conduct

81. Beverly Ochoa sought relief under §6015 from a trust fund recovery penalty assessed against her personally as a responsible person for her company's unpaid payroll taxes. Is §6015 relief available for this liability?

A. Yes, §6015 applies broadly to any liability arising from a joint filing

B. No, §6015 applies only to joint federal income tax liabilities, not the TFRP

C. Yes, but only if she is also seeking innocent spouse relief for the same year

D. No, because §6015 relief was repealed for all liabilities after 2019

82. Before the IRS could levy Vera Holbrook's property to collect an unpaid liability, what general notice requirement had to be satisfied under §6331(d)?

A. Written notice of intent to levy at least 30 days before the levy
B. No advance notice is ever required before the first levy action
C. A notice mailed exactly 21 days before the levy is required
D. Notice is required only if the levy targets a bank account

83. Julius Meng, an enrolled agent, was owed unpaid fees by a former client who requested the return of records needed to comply with a federal tax obligation. Under Circular 230 §10.28, must Julius return the records despite the fee dispute?

A. No, an unpaid fee always entitles the practitioner to retain all client records
B. No, records may be withheld indefinitely until the entire balance is paid
C. Yes, records generally must be returned even if fees remain unpaid
D. Yes, but only records created after the engagement letter was signed

84. Rosalind Ferncliffe's business filed accurate Forms 1099-NEC with the IRS by the deadline but never furnished copies of those forms to the payees themselves. Under IRC §6722, what penalty framework applies to this separate failure?

A. No penalty applies, since §6722 only covers filings made with the IRS, not statements sent to payees
B. A single flat penalty applies regardless of how many payee statements were not furnished
C. The penalty is capped at $50 total per year no matter how many payees were affected
D. A tiered per-statement penalty applies to the failure to furnish, similar in structure to the §6721 filing penalty

85. Bradley Simmons, a U.S. citizen who lives and works in Germany, qualifies for the automatic 2-month extension to file his Form 1040 because his tax home is outside the United States. He wants additional time beyond June 15. What must he do to extend his filing deadline to October 15?

A. File Form 4868 by June 15 to request the additional 4-month extension
B. Nothing; the automatic 2-month extension already extends the deadline to October 15
C. File Form 2350 by April 15 to request the additional extension
D. Mail a written statement to the IRS explaining the need for more time

86. Priscilla Dunmore obtained an ITIN in 2018 for her nonresident spouse to file a joint return. The couple did not file any U.S. tax return listing the ITIN for the 2020, 2021, or 2022 tax years. Under current IRS rules, what happens to the spouse's ITIN?

A. It remains valid permanently once issued, no matter how it's used
B. It automatically converts to an SSN once five years have passed
C. It expires because it went unused on a return for three straight years
D. It expires only when the IRS mails a formal notice of revocation

87. Castlebridge Manufacturing Corp changed its designated responsible party in March. Under IRS requirements, what must the corporation do, and by when?

A. File Form 8822-B within 30 days of the change
B. File Form 8822-B within 60 days of the change
C. Notify the IRS by phone within 10 business days
D. No notification is required unless the corporation also changes address

88. Theo Langford, an ERO, wants to know the correct retention period for signed Forms 8879 he collects from clients before transmitting their e-filed returns. What is the rule?

A. Retain for 3 years from the date the return is transmitted, nothing more
B. Retain for 4 years starting from the return's original due date
C. Retain indefinitely as a permanent part of the client's file
D. Retain 3 years from the due date or IRS receipt, whichever is later

89. Marisol Vega filed a paper Form 1040-X three weeks ago and wants to check its processing status online without calling the IRS. Which tool should she use?

A. Where's My Refund
B. Get Transcript Online
C. IRS2Go direct deposit tracker
D. Where's My Amended Return

90. Gilbert Strand operates a small payroll service and wants to e-file his clients' quarterly Form 941 employment tax returns. Which of the following correctly describes how this is accomplished?

A. Form 941 can be e-filed through an IRS-authorized e-file provider using approved software
B. Form 941 cannot be e-filed under any circumstances and must always be mailed
C. Form 941 may only be e-filed directly by the employer, never through a third-party provider
D. Form 941 e-filing requires a separate EFIN specific to employment tax forms

91. Adele Fenwick believes her former tax preparer altered figures on her return without her knowledge before filing it. Which form should she submit to report this misconduct to the IRS?

A. Form 3949-A
B. Form 14157
C. Form 8919
D. Form 4506-T

92. Corwin Blakely transmits a client's e-filed return and receives an acknowledgment showing "accepted with errors." What does this status mean?

A. The return was rejected outright and must be corrected before retransmission
B. The return was accepted but only after a 24-hour perfection period
C. The return was accepted by the IRS despite minor discrepancies not requiring retransmission
D. The return will be processed only after manual review by an IRS examiner

93. Casimir Alderton is the treasurer of a small tax-exempt nonprofit that has failed to file any required Form 990-series annual return for three consecutive years. What is the automatic consequence of this prolonged nonfiling?

A. The IRS must first issue a formal warning letter before any change in status can occur

B. The organization's tax-exempt status is automatically revoked as of the filing due date for the third year
C. Nothing changes automatically; only a discretionary IRS audit can trigger revocation
D. The organization is merely downgraded to a lower filing threshold category going forward

94. Walter Wintermere suffered a stroke and is physically unable to sign his own Form 1040, though he remains mentally competent to authorize the filing. What is the proper procedure for signing his return?

A. His adult daughter may sign the return without any additional documentation required
B. The return cannot be filed until Walter recovers enough to sign it personally
C. Another person may sign as Walter's agent, with a signed statement attached explaining why
D. A licensed physician must co-sign the return alongside the authorized agent each time

95. Beatrice Falk is a U.S. citizen working in Singapore who expects to qualify for the foreign earned income exclusion, but she needs additional time beyond the automatic extensions to meet the physical presence test. Which form should she file to request this extra time?

A. Form 2350
B. Form 4868
C. Form 8892
D. Form 4506

96. Julian Prescott needs a single transcript that combines the information from both a Tax Return Transcript and a Tax Account Transcript for the same year. Which transcript type should he request?

A. Wage and Income Transcript
B. Verification of Non-filing Letter
C. Tax Return Transcript
D. Record of Account Transcript

97. Desmond Kirkbride's claim for the Earned Income Tax Credit was disallowed after the IRS determined the claim was made with reckless or intentional disregard of the rules, though not fraud. Before he may claim the EIC again in a later year, what must he do?

A. Nothing; the credit is automatically restored once two tax years have passed without further action

B. File Form 8862 with his return to demonstrate eligibility before the EIC can be allowed again

C. Petition Tax Court for a formal ruling reinstating his eligibility before any future claim is made

D. Wait ten years, the same ban that applies to a fraudulent EIC claim, before any reinstatement is possible

98. Emmeline Rourke will owe a substantial balance when she files her Form 1040 and believes paying by the due date would cause undue hardship. Which form allows her to request an extension of time to pay, distinct from an extension of time to file?

A. Form 1127

B. Form 4868

C. Form 9465

D. Form 2210

99. Baxter Holloway needs official IRS documentation confirming that he did not file a Form 1040 for a specific tax year, requested by a financial aid office. Which document should he request?

A. Tax Return Transcript

B. Record of Account Transcript

C. Wage and Income Transcript

D. Verification of Non-filing Letter

100. Harborview Community Foundation, a tax-exempt organization, must file its annual information return. Under the Taxpayer First Act, what filing requirement generally applies to Form 990-series returns?

A. Exempt organizations are exempt from any e-file requirement regardless of size

B. Only organizations with more than 500 employees must e-file Form 990

C. Exempt organizations are generally required to electronically file their Form 990-series returns

D. E-filing is optional and available only for organizations with gross receipts under $50,000

Answer Key and Explanations — Practice Exam 36, Part 3: Representation, Practices, and Procedures

1. B — Circular 230 §10.6 allows an enrolled agent to elect voluntary inactive retirement status, which relieves the practitioner of continuing education obligations while inactive. However, the agent may not practice before the IRS or represent themselves as currently enrolled until notifying the Director of the Return Preparer Office in writing and meeting the requirements to resume active enrollment status.

2. D — Authority to represent a taxpayer before the IRS under Circular 230 depends on holding current, active credentialed status. When Priscilla's enrollment lapses, her recognized authority to practice ends, so her existing Forms 2848 no longer confer valid representation, even though the CAF record itself remains on file until updated or replaced by the taxpayer.

3. C — Under §10.6(f), qualifying continuing education must be a formal program of learning that contributes directly to a practitioner's professional competence, offered through a qualified sponsor in either group or self-study format. Informal, self-directed reading such as journals or articles, without structured sponsor administration, does not satisfy the definition of a qualifying CE program.

4. A — Circular 230 requires enrolled agents to complete a minimum number of CE hours each year of the enrollment cycle, including at least 2 hours devoted specifically to ethics or professional responsibility. Because Margarethe completed only tax law updates with no ethics component, she has not met the annual requirement, regardless of her total hour count for the year.

5. D — Enrolled agents should retain certificates of completion issued by qualified CE sponsors, documenting the course title, dates attended, number of qualifying hours, and sponsor identifying information. These records substantiate compliance if the IRS or the Return Preparer Office requests verification, since a practitioner bears ultimate responsibility for proving CE completion at renewal.

6. A — Voluntary inactive retirement status is a status the practitioner elects while in good standing, typically upon stepping away from practice, and it carries no misconduct implication. Suspension, by contrast, is an involuntary disciplinary sanction imposed by the Office of Professional Responsibility following a finding of misconduct or a Circular 230 violation, and it bars practice during its term.

7. C — Circular 230's CE requirement operates on both an annual minimum and a three-year cumulative total. Completing extra hours in a later year satisfies the overall cycle total, but it does not retroactively cure a shortfall in a prior year's independent minimum requirement, which Silas failed to meet in year one.

8. B — Under §10.6(j), an individual whose enrollment has lapsed, been resigned, or otherwise terminated may not represent to the public that they remain an enrolled agent. Corinne's continued use of the 'Enrolled Agent' designation after voluntary resignation misrepresents her current status and violates this restriction, independent of whether her PTIN remains active.

9. A — Section 10.7(b) provides a discretionary mechanism for appearances not otherwise addressed elsewhere in the regulation, allowing practice in unusual circumstances. Section 10.7(c), by contrast, enumerates specific categories of unenrolled individuals, such as those representing themselves or acting in defined limited roles, who may practice before the IRS without formal enrollment under stated conditions.

10. C — Circular 230 does not impose a requirement that a practitioner maintain a fixed, dedicated physical office address as a condition of remaining in good standing. Enrolled agents may lawfully operate from a home office, a shared workspace, or remotely, so long as they otherwise satisfy enrollment, CE, and conduct obligations under the regulation.

11. D — Section 10.8 extends certain Subpart B duties and restrictions, such as standards for diligence and honesty in dealings with the IRS, to individuals who prepare tax returns or provide assistance even though they are not enrolled and do not otherwise practice before the IRS, subjecting Micah to those baseline conduct standards.

12. B — Passing the SEE and filing Form 23 begins the application process, but enrollment is not effective, and the enrolled agent title may not be used, until the Director of the Return Preparer Office actually reviews and approves the application. There is no provisional or automatic enrolled status while the application remains pending review.

13. C — Circular 230 requires every applicant for enrollment to undergo a suitability review examining character, reputation, and tax compliance history. Honorable military service, while a positive factor that may be considered, does not by itself automatically satisfy or substitute for that review; the Director of the Return Preparer Office still evaluates the applicant's full record independently.

14. A — Section 10.6(g) authorizes the Director of the Return Preparer Office to grant a waiver of the CE requirement for a given period upon a showing of good cause, which includes health problems, active military service, or other circumstances beyond the practitioner's control. Griffin's overseas deployment fits squarely within this waiver provision.

15. B — At renewal, the Director of the Return Preparer Office reviews whether the practitioner met the full cycle's CE requirement. A documented shortfall like Imogen's 12 missing hours, without an approved waiver, can result in denial or delay of renewal until she demonstrates compliance or establishes reasonable cause acceptable to the Director.

16. D — To return to active enrollment after voluntary inactive retirement, a practitioner must notify the Director of the Return Preparer Office in writing of the intent to resume active status and satisfy any CE requirements applicable to the period of inactivity, rather than simply resuming practice or relying on automatic reactivation.

17. C — When two pending complaints against the same practitioner involve common questions of law or fact, the presiding officer may consolidate them for a single hearing under the general procedural rules governing Circular 230 proceedings. Consolidation promotes efficiency and avoids inconsistent findings, so OPR need not dismiss, refile, or split the complaints between separate judges.

18. D — Under §10.82, expedited suspension may be based on certain criminal convictions, including a plea of guilty or nolo contendere, and the proceeding may go forward regardless of whether an appeal or other review of the conviction is pending. Waiting for exhaustion of appeals is not required, so OPR may act immediately.

19. A — A practitioner's voluntary surrender of enrollment does not by itself end a pending disciplinary proceeding. OPR retains discretion to continue pursuing the complaint to a formal decision, which creates a complete public record of the misconduct and can affect any future petition for reinstatement, unlike a simple, unrelated resignation from a state board.

20. B — Circular 230 governs federal practice before the IRS and does not itself mandate that OPR automatically transmit every sanction to a practitioner's state bar or state board. OPR may nonetheless choose, as a discretionary administrative matter, to notify the relevant state licensing authority, but no such reporting is compelled by the regulation itself.

21. D — Censure is a public reprimand rather than a suspension or disbarment, so it does not remove a practitioner's eligibility to practice before the IRS. Vandermolen may continue representing clients immediately, but the censure is entered onto the public disciplinary record maintained by OPR and remains part of her professional history indefinitely.

22. B — Circular 230 proceedings permit a party to move for summary adjudication when there is no genuine issue of material fact regarding a charge and the moving party is entitled to prevail as a matter of law. The administrative law judge decides the motion, resolving that issue without the need for a full evidentiary hearing on it.

23. C — Under §10.69, a respondent must file a written answer to a complaint within the time specified, and any allegation not specifically denied is deemed admitted. If a respondent fails to file a timely answer at all, the administrative law judge may enter a decision by default without further proceedings, treating the unanswered allegations as established.

24. A — A disciplinary sanction under Circular 230 attaches to the individual practitioner found to have committed the violation. Under §10.77, Corwin's suspension does not automatically extend to other enrolled agents at his firm who were not charged and had no role in the misconduct, so their own eligibility to practice remains intact.

25. D — Section 10.81 does not treat reinstatement as automatic once the waiting period runs. OPR or the Secretary's designee must also be satisfied that granting reinstatement would not be contrary to the public interest, considering evidence of the practitioner's rehabilitation and whether any further misconduct occurred during the disbarment period, since time alone proves nothing.

26. A — Nothing in Circular 230's disciplinary procedures requires OPR to file a separate complaint for each individual practitioner. When two practitioners' conduct arises from the same related scheme, OPR may name both as co-respondents in a single complaint, promoting efficient adjudication of the common factual and legal issues, and avoiding duplicative proceedings.

27. B — Section 10.51(a)(7) identifies willfully failing to sign a tax return prepared for compensation, when signature is required, as an act of disreputable conduct subject to discipline. Solano's deliberate, repeated pattern of omitting her signature to obscure her role as the paid preparer falls squarely within that specific provision, not the others listed.

28. C — Section 10.27 sets the rules for practitioner fees, generally prohibiting contingent fees for preparing an original return except in narrowly defined circumstances such as amended returns tied to IRS examinations or claims for refund of penalties. Charging a straightforward original Form 1040 on a refund-percentage basis outside those exceptions violates this specific provision.

29. B — OPR is not locked into litigating a charge it no longer believes the evidence supports. It may withdraw or amend the complaint to remove the deficient allegation before the hearing, narrowing the proceeding to the charges it can actually substantiate, rather than being forced to press forward on weak evidence.

30. A — A suspension or disbarment sanction under Circular 230 takes effect prospectively, beginning on the date fixed by the final decision rather than reaching back to the date of the underlying misconduct. This forward-looking effective date is standard practice and does not require any special request from the sanctioned practitioner to apply.

31. D — The IRS publishes a list of practitioners currently ineligible to practice before it, and both suspended and disbarred practitioners appear on that list while their sanction is in effect. Unlike disbarment, however, a suspension is time-limited, so Ferrante's listing reflects a temporary status that ends automatically once her twelve-month period concludes.

32. C — Fast Track Mediation is a voluntary, expedited program that allows a taxpayer and examiner to resolve a limited number of unagreed issues, such as a single factual dispute, using a trained Appeals mediator while the case remains open in examination. It is faster than traditional Appeals review and does not require a formal written protest beforehand.

33. C — Letter 3391 is the 30-day letter used specifically for nonfiler cases where the IRS prepared a substitute for return, while Letter 525 is the general 30-day letter issued after a standard examination of a filed return, such as Cassandra's correspondence exam. Both give the taxpayer thirty days to respond or request Appeals consideration before assessment.

34. A — Under the BBA centralized partnership audit regime, the IRS examines and determines adjustments at the partnership level, and unless the partnership elects the alternative push-out procedure under section 6226, the partnership itself pays the resulting imputed underpayment. The Partnership Representative has sole authority to bind the partnership and all partners during this process.

35. B — Line 5a of Form 2848 allows specific acts to be checked, including authority to substitute or add another representative. If checked, the named representative may file a new power of attorney adding or replacing representatives without requiring the taxpayer to sign again, streamlining representation changes during an ongoing case rather than mandating repeated taxpayer signatures.

36. D — Section 274(d) imposes strict substantiation requirements for travel, meals, and listed property, overriding the Cohan rule's allowance of reasonable estimates. A taxpayer must corroborate the amount, time, place, and business purpose of each expense through adequate records or sufficient corroborating evidence, meaning credible testimony alone, without supporting documentation, generally cannot satisfy this heightened standard.

37. A — A taxpayer or representative may request, in writing, that an examination be transferred to the IRS territory office with jurisdiction over the area where the taxpayer's books, records, and business are actually located, for reasons of convenience. The examining office has discretion to approve the transfer based on the facts presented.

38. B — An unenrolled preparer who prepared and signed the return may represent the taxpayer, but only before revenue agents, customer service representatives, and similar IRS employees during an examination of that specific return. This limited practice right does not extend to Appeals, Collection, or any matter beyond the examination of the return the preparer actually prepared.

39. C — A new Form 2848 may be filed to add the attorney as an additional representative without revoking the EA and CPA's existing authority, as long as the taxpayer does not check the box indicating that the new form revokes all prior powers of attorney. All listed representatives then retain concurrent authority.

40. D — TAS accepts cases presenting economic burden, meaning the taxpayer is suffering or about to suffer significant hardship, such as facing eviction, from an IRS action or delay. This differs from systemic burden, which involves an IRS process failing many taxpayers, or the best-interest-of-the-taxpayer category applied at TAS's discretion in unique circumstances.

41. C — An enrolled retirement plan agent's practice rights are limited under Circular 230 to representing clients on matters involving certain retirement plan forms and employee benefit issues before specified IRS offices. This limited credential does not extend to general individual income tax examinations, such as a Schedule C matter unrelated to any retirement plan.

42. A — For routine filings not tied to a specific open case, a Form 2848 may be faxed or mailed to the CAF unit, or submitted through the IRS's online Submit Forms 2848 and 8821 Online tool, which records the authorization to the Centralized Authorization File so it is available for use across most IRS functions going forward.

43. D — Form 872, Consent to Extend the Time to Assess Tax, allows a taxpayer to voluntarily extend the assessment statute of limitations, giving the IRS additional time to complete a complex examination beyond the normal three-year period. The taxpayer is never required to sign it, and may negotiate a fixed or restricted extension.

44. B — A return preparer who obtains an Annual Filing Season Program Record of Completion has the same limited representation rights as an unenrolled preparer: the ability to represent clients before revenue agents, customer service representatives, and similar employees, but only regarding a return the preparer actually prepared and signed. Appeals and Collection representation remain outside this scope.

45. A — Publication 3498-A, The Examination Process, is typically enclosed with correspondence examination notices to explain the exam process, the taxpayer's rights, and how to respond, including options if the taxpayer disagrees. It differs from Publication 556, a broader general reference, and from Publication 594, which addresses the collection process rather than examinations.

46. B — Enrolled agent status is a credential granted and regulated by the federal government under Circular 230, not by individual states. An EA's authority to practice before the IRS is therefore unlimited geographically and extends nationwide, unlike a state-issued CPA license, which may be restricted to the state or states where the CPA holds a license.

47. D — IRC §6321 creates a lien reaching all property a taxpayer owns, wherever located, without any filing. Section 6323(f) separately governs NFTL filing location and priority: the IRS must file in the office covering the property's jurisdiction to defeat later purchasers, security interest holders, and judgment creditors there. Options A-C wrongly treat the underlying lien itself as jurisdiction-limited or automatically void.

48. C — When an NFTL is filed erroneously, the taxpayer may obtain a certificate of release under §6325 that states the filing was erroneous, which helps clear credit reports. If the IRS fails to release a lien it knows is erroneous, §7432 permits a civil damages action. Options A, B, and D misstate the available remedies and limitations.

49. B — A certificate of discharge under §6325(b) removes the federal tax lien from a specific piece of property, allowing a sale to close, while the lien continues to encumber the taxpayer's other assets and the liability remains. Subordination only reorders priority without removing the lien, non-attachment applies when the lien never attached, and withdrawal removes the NFTL filing, not the lien.

50. C — Under nominee or alter ego theory, the IRS may treat property titled in an entity's name as belonging to the taxpayer when the taxpayer retains beneficial ownership, use, and control despite the formal transfer. This lets the federal tax lien reach the property. Transferee liability under §6901 and fraudulent conveyance law are related but distinct doctrines addressing different transfer scenarios.

51. A — A third party whose property is wrongfully levied to satisfy another person's tax debt may file an administrative claim under §6343(b) requesting return of the property, and if the IRS denies or ignores it, may sue for wrongful levy under §7426 within the applicable limitations period. The account here belonged solely to Halloran, not the assessed taxpayer.

52. D — The Automated Collection System generally works smaller, less complex balance-due and non-filer cases through telephone contact and correspondence, while field revenue officers are assigned larger-dollar, more complex accounts, business trust fund cases, or accounts where the taxpayer has been unresponsive, since those situations often require in-person investigation, asset verification, and direct enforcement action.

53. D — IRC §6332(b) gives an insurance company 90 days after service of a levy on a life insurance or endowment contract before it must surrender the cash loan value to the IRS, allowing the policyholder that window to satisfy the liability, borrow against the policy, or otherwise resolve the levy before the funds must be turned over.

54. B — Under §6343(a), the IRS is generally required to release a levy once the taxpayer enters into an installment agreement to satisfy the liability, unless the agreement itself specifically provides that the levy will remain in effect. This encourages voluntary compliance rather than continued enforced collection once a payment arrangement is in place.

55. C — The Trust Fund Recovery Penalty under §6672 equals the unpaid withheld federal income tax plus the employee's share of Social Security and Medicare tax, since those amounts are held in trust for the government. It excludes the employer's matching FICA contribution and FUTA, which are the employer's own liabilities rather than trust fund money withheld from wages.

56. A — When multiple individuals are determined to be responsible persons for the same trust fund taxes, each may be assessed the full Trust Fund Recovery Penalty and is jointly and severally liable for the entire amount. However, the government's aggregate collection from all responsible persons combined cannot exceed the total unpaid trust fund tax underlying the assessments.

57. B — Compliance with future filing and payment obligations is a standard condition of an accepted offer in compromise. If the taxpayer breaches that condition, the IRS may declare the offer in default, reinstate the original assessed liability reduced by payments already made, and resume normal collection activity, rather than automatically forgiving the breach or permanently barring future offers.

58. D — Section 6334(a) exempts specific categories of property from levy, including fuel, provisions, furniture, and personal effects up to an inflation-adjusted dollar amount, and books and tools of a trade, business, or profession up to a separate indexed amount. Retirement accounts and residences are not automatically exempt; residence levies generally require court approval, not blanket exemption.

59. A — Before selling seized property, §6335 requires the IRS to compute a minimum bid price, generally based on an appraisal of the property's fair market value, to prevent the property from being sold for a grossly inadequate amount. If bidding does not reach that minimum, the IRS may not sell the property at that auction and reschedules the sale.

60. C — IRC §6320 requires the IRS to notify the taxpayer in writing within 5 business days after filing a Notice of Federal Tax Lien. That notice separately starts the 30-day period during which the taxpayer may request a Collection Due Process hearing. The 5-day notification deadline and the 30-day hearing request window are distinct, sequential timeframes.

61. D — Under IRC §6675, a taxpayer who files an excessive claim for a fuel tax credit without reasonable basis is subject to a penalty equal to the greater of $10 or 200 percent of the excessive amount claimed. The penalty does not apply if the taxpayer establishes reasonable basis existed for making the claim at the time it was filed.

62. B — IRC §6695(a) imposes a fixed dollar penalty on a preparer for each failure to furnish the taxpayer a completed copy of the return, subject to an annual maximum penalty amount per preparer. This penalty is distinct from the larger preparer penalties tied to understatements caused by unreasonable positions or willful and reckless conduct.

63. A — IRC §6702(b) authorizes a $5,000 penalty for a specified frivolous submission, which includes requests such as installment agreements, collection due process hearings, or offers in compromise containing a position the IRS has identified as frivolous or intended merely to delay collection. This penalty applies separately from the frivolous return penalty under §6702(a).

64. C — IRC §7202 makes it a felony for any person required to collect, account for, and pay over withheld taxes to willfully fail to do so, separate from and in addition to the civil Trust Fund Recovery Penalty under §6672. Marcus's willful conduct with available funds exposes him to criminal prosecution, not merely civil collection consequences.

65. B — IRC §6060 requires a person who employs one or more income tax return preparers to keep a list containing the name, taxpayer identification number, and place of work of each preparer employed during the relevant period, and to make that list available to the IRS for inspection upon request. This firm-level obligation exists independently of individual preparers' own duties.

66. C — IRC §6109 establishes the general requirement that taxpayers furnish identifying numbers, such as a Social Security number or employer identification number, on returns, statements, and other documents as prescribed by regulations. This broad requirement applies regardless of income level and supports IRS matching, verification, and administration of the tax system.

67. A — A qualified amended return is one filed before the taxpayer is contacted about an examination or certain other triggering events. Additional tax reported on a qualified amended return generally is not treated as part of an understatement for purposes of the accuracy-related penalty under §6662, provided the disclosure requirements are satisfied.

68. D — Good-faith reliance on a qualified appraisal, obtained from a qualified appraiser who meets the applicable requirements, can support a reasonable cause and good faith defense to the accuracy-related penalty under §6664(c), provided the taxpayer made a good-faith investigation of the claimed value and had no reason to doubt the appraisal's reliability.

69. C — Under §6662(b), the accuracy-related penalty does not apply to any portion of an underpayment for which the civil fraud penalty under §6663 is imposed. This anti-stacking rule prevents the IRS from assessing both penalties on the identical portion of an underpayment, though different portions of the same underpayment may each carry a separate penalty.

70. A — A request for innocent spouse relief under §6015 does not terminate upon the requesting spouse's death. The decedent's estate, through an executor, administrator, or other properly authorized representative, may continue pursuing the pending request, since the underlying tax liability and any potential relief affect the estate's obligations and rights, consistent with established administrative and case law practice.

71. B — Under §7422 and §6532, a taxpayer generally may not file a refund suit until either the IRS disallows the claim or six months pass without action, whichever occurs first. Once six months elapse without a decision, the taxpayer may treat the claim as constructively denied and file suit in district court or the Court of Federal Claims.

72. D — IRC §7521 grants a taxpayer the right to make an audio recording of an in-person interview with the IRS, provided the taxpayer gives advance written notice, generally at least ten calendar days before the interview. The IRS may also record the interview and must provide the taxpayer a copy upon request.

73. C — IRC §7602 authorizes the IRS to examine books, papers, records, and other data, and to summon a taxpayer or third party to appear, produce records, and give testimony relevant to ascertaining the correctness of a return or determining tax liability. Refusal to comply can lead to judicial enforcement of the summons.

74. D — IRC §7609 generally requires the IRS to provide notice to a taxpayer whose records are summoned from a third-party recordkeeper, such as a bank. The taxpayer is generally entitled to intervene and file a petition to quash the summons in district court within twenty days of the notice being given.

75. B — IRC §7811 authorizes the National Taxpayer Advocate to issue a Taxpayer Assistance Order when a taxpayer is suffering or about to suffer significant hardship from the manner the IRS is administering the tax laws. The order can direct the IRS to release a levy, expedite a refund, or take other appropriate relief.

76. A — IRC §6201(d) provides that when a taxpayer reasonably disputes an item of income reported on an information return by a third party and has fully cooperated with the IRS, including providing access to relevant information, the IRS bears the burden of producing reasonable and probative information beyond the information return itself.

77. A — Circular 230 §10.27 generally prohibits a practitioner from charging a contingent fee for preparing an original tax return. Limited exceptions exist, such as fees connected with an IRS examination of, or challenge to, an original return, or claims for refund filed solely in connection with statutory interest and penalties, or judicial proceedings.

78. C — A practitioner should be assigned only one Centralized Authorization File number, which identifies them consistently across all Forms 2848 and 8821 filed throughout their career. When a duplicate number is discovered, the practitioner should contact the CAF unit to consolidate the records, since operating under multiple numbers can cause processing delays and authorization mismatches.

79. B — Section 10.82(a) allows OPR to institute an expedited suspension proceeding, without the usual complaint-and-hearing process, based on certain triggering events, including the suspension or revocation of a practitioner's license to practice as an attorney, CPA, or other recognized professional by a duly constituted authority, regardless of whether the underlying conduct involved federal tax matters.

80. D — Circular 230 §10.51 defines disreputable conduct broadly, including conviction of any criminal offense involving dishonesty or breach of trust, not merely tax-related crimes. Such a conviction can subject the practitioner to censure, suspension, or disbarment from practice before the IRS, since the standard reaches conduct reflecting on the practitioner's fitness generally.

81. B — Relief under §6015 applies only to joint and several liability arising from a joint federal income tax return. It does not extend to other liabilities, such as the trust fund recovery penalty under §6672, which is a separate, personally assessed penalty against a responsible person and falls outside §6015's statutory scope entirely.

82. A — IRC §6331(d) generally requires the IRS to give a taxpayer written notice of intent to levy at least 30 days before the levy is made. This notice also informs the taxpayer of the right to request a Collection Due Process hearing, distinct from the separate notice and demand issued after assessment.

83. C — Circular 230 §10.28 generally requires a practitioner to promptly return client records needed to comply with a federal tax obligation, even if a fee dispute exists, subject to a narrow exception under applicable state law permitting a lien for unpaid fees on certain records the practitioner prepared. Existing copies may be retained.

84. D — IRC §6722 imposes a tiered, per-statement penalty on a payor who fails to furnish a correct payee statement, structured similarly to the §6721 penalty for failing to file correct information returns with the IRS. The two penalties are separate and can both apply when a business fails at both furnishing and filing.

85. A — Because Bradley already qualifies for the automatic two-month extension based on his overseas tax home, he may still request the standard four-month extension by timely filing Form 4868 by June 15, the deadline as extended for taxpayers abroad, checking the box confirming out-of-country status, which extends his final filing deadline to October 15.

86. C — An ITIN that is not included on a federal tax return at least once in three consecutive tax years automatically expires at the end of the third year, regardless of whether the IRS sends a notice. Priscilla's spouse must submit Form W-7 to renew the ITIN before it can be used on a future return.

87. B — A corporation must report a change in its responsible party by filing Form 8822-B within 60 days of the change, per IRC §6109(h). This keeps IRS records accurate for correspondence and enforcement purposes. Failure to timely update the responsible party can delay notices and complicate future EIN-related transactions for Castlebridge Manufacturing Corp.

88. D — An ERO must retain each signed Form 8879 for three years from the return's due date or the date the IRS accepted the electronically filed return, whichever occurs later. This retention rule ensures the signature authorization is available if the IRS later questions the return's authenticity or Theo's transmission practices.

89. D — Where's My Amended Return is the dedicated IRS online tool for tracking the status of a filed Form 1040-X, separate from Where's My Refund, which only tracks original returns. Marisol can check status roughly three weeks after mailing by entering her SSN, date of birth, and ZIP code on the tool's page.

90. A — Employers and payroll providers may electronically file Form 941 through the IRS's Modernized e-File system by using software from an IRS-authorized e-file provider, either as a reporting agent or through a self-select PIN process. This option offers faster processing and confirmation of receipt compared to mailing paper quarterly employment tax returns.

91. B — Form 14157, Complaint: Tax Return Preparer, is the specific form taxpayers use to report improper or fraudulent conduct by a paid preparer, such as altering return figures without authorization. Adele would attach supporting documentation and, if the preparer also improperly changed her refund destination, file Form 14157-A along with it.

92. C — An 'accepted with errors' or warning status means the IRS's system accepted the return for processing even though it flagged minor inconsistencies, such as a math error or missing schedule detail, that do not prevent acceptance. Unlike a rejection, Corwin does not need to correct and retransmit the return for it to be filed.

93. B — An organization that fails to file a required Form 990-series return for three consecutive years has its tax-exempt status automatically revoked by operation of law, effective as of the filing due date for the third year. Reinstatement generally requires a new exemption application, though streamlined procedures may apply for smaller organizations.

94. C — When a taxpayer is mentally competent but physically unable to sign due to illness or injury, another person may sign the return on the taxpayer's behalf, writing 'By [name], Agent' next to the signature line. A signed statement explaining the disability and requesting the agent sign must be attached to the return.

95. A — Form 2350 is used by U.S. citizens and resident aliens abroad who need an extension beyond the standard deadlines specifically to qualify for the foreign earned income exclusion under the bona fide residence or physical presence test. Beatrice would file it before her regular due date to request the additional time.

96. D — A Record of Account Transcript merges the line-item data of a Tax Return Transcript with the account activity shown on a Tax Account Transcript, such as payments and adjustments, into one document. Julian should request this combined transcript rather than ordering the two separate transcripts individually for the same tax year.

97. B — When the EIC is disallowed for reckless or intentional disregard of the rules, the taxpayer is barred from claiming it for two years and must file Form 8862 with a later return to show eligibility before the credit will be allowed again. A ten-year ban applies only where the disallowance was due to fraud.

98. A — Form 1127 requests an extension of time to pay tax due to undue hardship, requiring a detailed statement of assets, liabilities, and cash flow showing that immediate payment would cause substantial financial loss. This differs from Form 4868, which only extends the filing deadline and does not extend the deadline to pay.

99. D — A Verification of Non-filing Letter is IRS documentation stating that no Form 1040 was filed for the requested tax year as of the date of the request, commonly required by financial aid offices for FAFSA verification. Baxter can request it through Get Transcript Online, by mail, or by filing Form 4506-T.

100. C — The Taxpayer First Act of 2019 expanded mandatory electronic filing for tax-exempt organizations, generally requiring most Form 990-series returns to be filed electronically regardless of the organization's size, with limited transition relief for certain small organizations. Harborview Community Foundation must therefore e-file its annual information return rather than mailing a paper form.