PRACTICE EXAM 39: 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. Isolde Tsvetanov sits for Part 1 of the Special Enrollment Examination at a PSI test center and does not pass. What score information will the IRS testing process provide to her?

A. A scaled score together with diagnostic feedback indicating her performance in each content area.
B. Only a pass or fail designation, with no scaled score and no content-level detail.
C. A raw percentage score for every question topic, mailed to her within thirty days.
D. A ranking showing how her result compares with other candidates in that testing window.

2. Bartholomew Peddicord decides in mid-March that he wants to schedule and sit for his next Special Enrollment Examination part as soon as possible. When is the SEE available?

A. Year-round, except for a brief two-week closure each December for content revisions.
B. During the testing window running May 1 through the last day of February.
C. Only during the four months immediately following the individual income tax filing season.
D. Continuously, with each candidate limited to one scheduled appointment per calendar quarter.

3. Which statement correctly describes the composition of a single part of the Special Enrollment Examination?

A. Each part contains 85 questions, all of which are scored, plus one essay.
B. Each part contains 120 questions, and candidates are allowed four hours of testing.
C. Each part contains 100 questions, of which 85 are scored and 15 experimental.
D. Each part contains 100 questions, all scored, within a two-hour testing appointment.

4. Marisol Ekundayo is preparing for a Special Enrollment Examination part that she will sit for in October. Which body of tax law will her examination questions be based on?

A. The law in effect on the date she actually sits for the examination.
B. The law that is scheduled to take effect during the following calendar year.
C. The law in effect when the current filing season opened, including mid-year changes.
D. The law in effect through December 31 of the prior calendar year.

5. Ignatius Vandeleur passed the third and final part of the Special Enrollment Examination fourteen months ago, and he is only now submitting his Form 23 application for enrollment. What is the result?

A. None, because Form 23 may be filed at any time while SEE credit lasts.
B. None, provided that he completed qualifying continuing education during the intervening months.
C. It is untimely, because Form 23 must be filed within one year of passing.
D. His application is untimely, and he must now wait a full year before reapplying.

6. Adaeze Okpara is a foreign person who prepares United States federal tax returns for compensation but is not eligible for a Social Security number. What must accompany her Form W-12 application for a PTIN?

A. Form 23, showing that she also qualifies for enrollment as an enrolled agent.
B. Form 8554, establishing that she intends to renew during the current cycle.
C. Form 2848, signed by a practitioner who will supervise her return preparation.
D. Form 8946, the supplemental application for foreign persons without a Social Security number.

7. Before the IRS will issue an Annual Filing Season Program Record of Completion, an unenrolled preparer must do what, in addition to completing the required continuing education hours?

A. Pass Part 3 of the Special Enrollment Examination within that same calendar year.
B. Consent to be bound by the duties and restrictions of Circular 230, Subpart B.
C. Obtain written sponsorship from an enrolled agent, attorney, or certified public accountant.
D. File Form 23 and pay the enrollment user fee for the coming cycle.

8. Corvin Sturbridge is compensated for preparing substantially all of a client's Form 1040, but he holds no professional credential and never appears before the Service on anyone's behalf. Which statement correctly describes his exposure under Circular 230?

A. Section 10.8 subjects him to Subpart B duties and to sanctions under Subpart C.
B. Circular 230 reaches him only if he signs the return as the paid preparer.
C. Circular 230 does not apply to him, because he never appears before the Service.
D. Only the Subpart C sanction provisions apply, since Subpart B governs credentialed practitioners.

9. Which statement correctly describes the ability of federal government personnel to practice before the IRS under Circular 230?

A. Federal employees may practice freely, provided they use annual leave for client meetings.
B. Members of Congress may practice before the IRS after obtaining written approval from OPR.
C. Federal employees may practice only in matters unrelated to their own agency's work.
D. They may not practice before the IRS if doing so violates federal conflict-of-interest statutes.

10. Perpetua Nightingale is a state revenue department auditor whose official duties require her to investigate state income tax returns. She wants to represent taxpayers before the IRS on the side. What does Circular 230 provide?

A. She may not practice if that practice could disclose information from her state duties.

B. She may practice, provided she first registers her outside employment with the OPR.
C. She may practice only after her state agency waives its own confidentiality restrictions.
D. She may practice without restriction, because Circular 230 governs only federal employees.

11. Solveig Bramblewood is a certified public accountant licensed and in good standing who has never been enrolled by the IRS. What must she do before representing a client before the IRS?

A. Apply to the Return Preparer Office and receive an enrollment card before appearing.
B. File a written declaration that she is currently qualified and authorized to represent.
C. Obtain a special appearance authorization from the Commissioner for that particular matter.
D. Complete the Annual Filing Season Program and receive a Record of Completion.

12. Which statement correctly describes how a candidate may sequence the three parts of the Special Enrollment Examination?

A. The parts must be taken in numerical order, beginning with Part 1 on individuals.
B. Parts 1 and 2 must both be passed before Part 3 may be scheduled.
C. The parts may be taken in any order, and each one is scheduled separately.
D. All three parts must be scheduled for the same day at one test center.

13. Emeric Thibodeaux, who holds no professional credential, receives an examination notice concerning his own Form 1040 and wants to meet with the revenue agent himself. What does Circular 230 require of him?

A. Nothing beyond satisfactory identification, because individuals may appear on their own behalf.
B. He must obtain a PTIN before discussing his own return with the examiner.
C. He must be accompanied by a practitioner authorized to practice before the IRS.
D. He must request a special appearance authorization from the Commissioner for that matter.

14. Hollis Fenwright left the IRS four years ago after seven continuous years in a position applying and interpreting the federal tax laws. He now seeks enrollment based on that former employment. What is the result?

A. He qualifies, because seven years of qualifying service exceeds the five-year minimum.
B. He qualifies, provided he first completes 72 hours of qualifying continuing education.
C. He qualifies only if a former supervisor certifies the technical nature of his work.
D. He does not qualify, because application must be made within three years of separation.

15. Ottoline Ostrowicz is licensed under her state's own return preparer program, which the IRS recognizes as exempting her from the Annual Federal Tax Refresher course. What continuing education must she complete for an AFSP Record of Completion?

A. 18 hours, including the six-hour refresher course, because no exemption reduces the total.
B. 15 hours, including two hours of ethics, without the six-hour refresher course.
C. 72 hours over three years, matching the requirement imposed on enrolled agents.
D. 10 hours of federal tax law only, with no ethics or update requirement.

16. Which preparers appear in the IRS public Directory of Federal Tax Return Preparers with Credentials and Select Qualifications?

A. Every individual who holds a valid PTIN for the current calendar year.
B. Only enrolled agents, because the IRS itself confers that particular federal credential.
C. Credentialed practitioners plus preparers who hold an AFSP Record of Completion.
D. Only preparers who signed at least fifty federal returns in the prior year.

17. Enrolled agent Odalys Ravenhollow receives a proper written request from an IRS revenue agent for specific client records. The records are neither in Ravenhollow's possession nor in her client's, and her client tells her a former bookkeeper likely holds them. Under §10.20(a)(2), what must Ravenhollow do?

A. Promptly notify the requesting IRS employee and pass along what she learned about who holds the records
B. Independently verify her client's statement and personally obtain the records from the former bookkeeper first

C. Treat the request as satisfied and take no further action, because records she never possessed fall outside the rule
D. Decline to respond until the IRS issues an administrative summons directly to the former bookkeeper holding them

18. Former IRS appeals officer Ingram Trethewey now works at a tax firm and is barred under §10.25(b)(2) from a particular matter. A partner at the same firm wants to represent a client in that same matter. Under §10.25(c), what makes this permissible?

A. The client must waive the restriction in writing and file that waiver with the Office of Professional Responsibility
B. The firm must simply wait until three full years have elapsed from the date Trethewey separated from federal service
C. The firm must isolate Trethewey from the matter and keep a sworn statement confirming that screening arrangement
D. The partner must obtain advance written authorization from the Commissioner before entering an appearance in it

19. Enrolled agent Petronella Bellinghurst wants to charge a contingent fee. Which engagement falls within the narrow exception §10.27 allows for contingent fees connected to an examination?

A. Preparing an original Form 1040 for a client who has received no IRS correspondence at all
B. An amended return filed within 120 days after the client receives written notice of examination
C. An amended return filed roughly two years after the original return was accepted without notice
D. A refund claim prepared before the IRS has taken any action on the original filed return

20. A departing client asks enrolled agent Casimir Zawadzki to hand over everything in his engagement file. Zawadzki prepared a detailed depreciation schedule that the client has not yet paid for. Under §10.28(b), how is that unpaid-for schedule treated?

A. It is always a record of the client, and fee disputes never affect the duty to hand it over
B. It becomes a record of the client only after the practitioner retains a duplicate copy for his files
C. It is a record of the client whenever the practitioner has already transmitted a draft to the IRS

D. It falls outside "records of the client" when withheld pending the client's contractual duty to pay

21. Enrolled agent Bertrande Dellacqua practices in a state whose law permits her to retain client records while a fee dispute is pending. Her former client demands the entire file. Under §10.28(a), what is Dellacqua's minimum obligation?

A. She may retain every single document in the file until the disputed fee is paid in full

B. She must surrender the complete file immediately, because state law never modifies this federal duty

C. She must deposit the contested records with the Office of Professional Responsibility pending resolution

D. She must return documents attached to the return and allow reasonable access to copy the others

22. Enrolled agent Baptiste Nkwanta recommends a return position that is defensible but carries real exposure if the IRS disagrees with it. Under §10.34(c), what must Nkwanta tell the client?

A. Only that the position is supported by substantial authority as Nkwanta currently reads the law

B. Nothing about penalties, since penalty exposure is a matter the client's attorney must address

C. Any penalties reasonably likely to apply, plus the chance to avoid them through disclosure

D. Only the dollar amount of tax at stake, because penalty estimates are inherently speculative

23. During a collection dispute, enrolled agent Rowena Hemmingsworth's client asks her to advise filing a series of repetitive submissions whose only purpose is to slow the case down. Under §10.34(b), Hemmingsworth may not do so because:

A. A practitioner may not advise submitting a document meant to delay or impede tax administration

B. Collection matters are excluded from a practitioner's permitted scope of representation before the IRS

C. Only licensed attorneys may advise clients about submissions filed during an active collection case

D. Written submissions to the IRS require advance approval from the Office of Professional Responsibility

24. Enrolled agent Cosimo Ludovico bases written advice on a memorandum from another practitioner. Ludovico knows that the other practitioner has a conflict of interest regarding the transaction. Under §10.37(b), is Ludovico's reliance reasonable?

A. Yes, because reliance on a written memorandum from any credentialed practitioner is always reasonable

B. No, reliance is unreasonable when the practitioner knows the other person has a conflict of interest

C. Yes, provided that Ludovico attaches the other practitioner's memorandum to the advice he issues

D. No, because §10.37 flatly prohibits relying on any advice prepared by a person outside the firm

25. Enrolled agent Thaddea Pilkington prepares well over 200 individual returns each season and is required by the Code to file them electronically. Without reasonable cause, she paper-files every one of them. Under §10.51, this conduct is:

A. Outside Circular 230, because electronic filing mandates arise only under the Internal Revenue Code

B. Permissible so long as each paper return is accurate and reaches the IRS on time

C. A violation only if the IRS first assesses a monetary penalty for the filing failure

D. Disreputable conduct, because willfully failing to e-file required returns absent reasonable cause is enumerated

26. In a Circular 230 disciplinary proceeding, a party wishes to serve requests for admission on the opposing party. Under §10.71, how many may be served without the Administrative Law Judge's approval?

A. An unlimited number, provided each request relates to a fact alleged in the complaint

B. Ten requests only, and no subparts of any kind may be attached to them

C. Thirty requests in total, counting any subparts contained within a specific request

D. None at all, because admissions are never available in this administrative forum

27. The hearing in enrolled agent Ferdinand Sturridge's disciplinary case has concluded, and both parties have timely filed proposed findings and conclusions. Under §10.76, when should the Administrative Law Judge enter a decision?

A. Within 180 days after the hearing closes and the proposed findings are received

B. Within 30 days after the hearing closes, with no extension available under any circumstance

C. Within two full years after the hearing closes, or the complaint is dismissed automatically
D. Whenever the judge chooses, since Circular 230 sets no target period for this step

28. Enrolled agent Calixte Blanchflower was suspended under the expedited procedures of §10.82. She wants a full proceeding on the merits instead. What may she demand, and what must the IRS then do?

A. She may demand a jury trial in district court, and the IRS must transfer the entire record there
B. She may demand nothing further, because expedited suspensions are final and cannot be revisited
C. She may demand reinstatement after one year, and the IRS must grant that request automatically
D. A §10.60 complaint within two years of suspension, which the IRS must issue within 60 days

29. Enrolled agent Augustin Kaczorowski is served with a show cause order beginning an expedited suspension proceeding, and he timely requests a conference. Under §10.82, when may that conference be scheduled?

A. Immediately upon the IRS receiving his written request, with no waiting period at all
B. No sooner than 14 calendar days after the date on which his response was due
C. No sooner than six full months after the show cause order was originally served
D. Only after an Administrative Law Judge has been formally assigned to hear the case

30. Before the disciplinary hearing of enrolled agent Delphine Ottenbrite, the Administrative Law Judge directs the parties to exchange prehearing materials. Under §10.72(c), what must each party's prehearing memorandum contain?

A. Proposed exhibits, the witnesses with summaries of their expected testimony, and undisputed facts
B. A signed settlement offer together with the practitioner's complete personal financial statement
C. A list of every client the practitioner has represented during the preceding five years
D. Only the names of counsel, since all evidence is first disclosed at the hearing

31. Under §10.51, which conduct involving a practitioner's tax opinions is expressly enumerated as disreputable conduct?

A. Issuing an opinion that a court later determines was incorrect on a genuinely unsettled question
B. Declining to issue any written opinion at all on a transaction that a client has already completed
C. Giving a false opinion recklessly, or engaging in a pattern of providing incompetent opinions
D. Charging an hourly fee for opinion work that exceeds the local market rate for such work

32. Ingeborg Strandberg has served as trustee of a testamentary trust and filed Form 56 with the IRS when she was appointed. The trust has now been fully distributed and she has been formally discharged as trustee. What must she do to end the fiduciary relationship in the IRS's records?

A. File Form 2848 revoking the authorization she previously placed on file.
B. File a second Form 56 giving notice that the relationship has terminated.
C. Send Form 8821 to the CAF unit withdrawing her fiduciary designation.
D. No filing is needed, because the relationship ends when the trust does.

33. A revenue agent examining Thessaly Vondracek's return intends to contact several third parties to verify reported receipts. Which circumstance relieves the IRS of the advance third-party contact notice requirement of IRC section 7602(c)?

A. The examination is a field examination rather than an office examination.
B. The taxpayer is currently represented under a validly executed Form 2848.
C. The third party being contacted is a financial institution, not an individual.
D. The taxpayer authorized the contact, or reprisal against that person is likely.

34. A revenue agent examining Ambrose Kazantzakis wants to issue an administrative summons for additional records. The same tax periods have already been referred to the Department of Justice for criminal prosecution. What is the effect on the agent's summons authority?

A. The summons may issue if the revenue agent's manager approves it in writing.
B. The summons may issue only for records held by a third-party recordkeeper.
C. No summons may be issued while the Justice Department referral remains in effect.
D. The summons may issue after the taxpayer receives ten days advance written notice.

35. In addition to the Discriminant Information Function score, the IRS assigns a second computer-generated score to many individual income tax returns. What does the Unreported Income DIF (UDIF) score measure?

A. The return's probability of containing income that was not reported.

B. The dollar amount of additional tax expected from an examination.

C. The number of prior examinations closed with no change to tax.

D. The likelihood that the taxpayer will agree to proposed adjustments.

36. Lucienne Ferrucci has been scheduled for an initial in-person examination interview at an IRS office. Before or at that interview, what does IRC section 7521(b)(1) require the IRS employee to provide to her?

A. A written estimate of the additional tax the examination is expected to produce.

B. An explanation of the audit process and of the taxpayer's rights under it.

C. A list of every third party the agent intends to contact during the audit.

D. A copy of the scoring data and the criteria that flagged her return.

37. Enrolled agent Ambrosine Penhaligon is preparing a formal written protest to move his client's unagreed examination case to the Independent Office of Appeals. Which item must the protest include?

A. A computation of the interest expected to accrue during the Appeals process.

B. A signed waiver extending the assessment statute of limitations by one year.

C. A statement of the facts supporting the position, declared under penalties of perjury.

D. A copy of every workpaper the revenue agent prepared during the examination.

38. The IRS wants to serve a summons on a payment processor seeking records that would identify a class of merchants whose names the Service does not yet know. What does IRC Section 7609(f) require before such a summons may be served?

A. Written consent from the payment processor's board, filed with the local IRS office.

B. Nothing beyond the ordinary summons rules, since no named taxpayer is involved yet.

C. Notice to every merchant in the class, each of whom may then move to quash it.

D. Prior federal court approval, on a showing of reasonable basis to believe noncompliance.

39. Two weeks after the IRS mailed a statutory notice of deficiency to Melisande Larranaga, she produced records that resolved the disputed issue. She has not petitioned the Tax Court, and both she and the IRS would prefer to withdraw the notice and return the case to examination. May the notice be withdrawn?

A. No, a notice of deficiency may be withdrawn only by order of the Tax Court.

B. Yes, the notice may be rescinded if both the taxpayer and the IRS consent.

C. No, rescission is permitted only before the notice is deposited in the mail.

D. Yes, the taxpayer may unilaterally rescind it within 30 days of the mailing.

40. After finding that Emeka Calderwood is suffering a significant hardship from an IRS action, the National Taxpayer Advocate issues a Taxpayer Assistance Order in his case. Who has authority to modify or rescind that order?

A. Only the National Taxpayer Advocate, the Commissioner, or a Deputy Commissioner.

B. Any IRS territory manager whose group has jurisdiction over the taxpayer's case.

C. The Independent Office of Appeals, after reviewing the underlying hardship claim.

D. The revenue agent assigned to the case, with written concurrence of a manager.

41. Rosalind Tinsdale submits an audit reconsideration request supported by substantiation she located after her examination closed with an assessment. What is the effect of that request on IRS collection activity for the assessed balance?

A. Collection may continue, because the request does not automatically suspend enforcement.

B. Collection is automatically suspended by law until the reconsideration is decided.

C. Collection is suspended for ninety days measured from the date of the request.

D. Collection is suspended only if the taxpayer simultaneously files a Form 12153.

42. Under a provision added by the Taxpayer First Act, an eligible individual whose unagreed case is referred to the Independent Office of Appeals may request the nondocketed case file. When must the IRS provide it?

A. Within thirty days after the scheduled Appeals conference has been completed.

B. Only after the taxpayer submits a written Freedom of Information Act request.

C. At the same time the taxpayer's formal written protest is formally acknowledged.

D. No later than ten days before the date scheduled for the Appeals conference.

43. A caller tells Anselm Pellegrini that he is an IRS examiner, states that Pellegrini's return has been selected for audit, and demands bank account information immediately over the telephone. What should Pellegrini's enrolled agent tell him about how the IRS begins an examination?

A. The IRS begins examinations by email whenever it has an address on file.

B. The IRS may begin an examination by telephone if the return lists a number.

C. The IRS initiates examinations by mailed notice, never by unsolicited telephone demand.

D. The IRS begins examinations with an unannounced field visit by a revenue agent.

44. Cordelia and Fenimore Rasmussen-Wray filed a joint Form 1040 that is now under examination. They want the same enrolled agent to represent both of them before the IRS for that year. How must the power of attorney be executed?

A. A single Form 2848 signed by either spouse covers the entire joint return.

B. Each spouse must complete and submit a separate Form 2848 for the representative.

C. A single Form 2848 signed by both spouses satisfies the joint filing requirement.

D. One Form 2848 from one spouse plus a Form 8821 from the other.

45. The IRS closed its examination of Hyacinth Broadwater's return and issued a no-change letter. Under IRS Policy Statement 4-3, a closed case may be reopened only in narrowly defined circumstances. Which of the following would permit reopening?

A. A clearly defined substantial error based on an established IRS position.

B. A change in the revenue agent assigned to the taxpayer's geographic territory.
C. A later year's examination producing an adjustment to a similar deduction.
D. The examiner's belief that additional documentation should have been requested.

46. A taxpayer who petitions the United States Tax Court may elect to have the case conducted under the small tax case procedures. Which statement correctly describes that election?

A. It is available when the amount in dispute does not exceed $10,000 per year.
B. It is available only to taxpayers who did not first request an Appeals conference.
C. It allows the taxpayer to appeal an adverse decision to a federal district court.
D. It is available when the disputed amount is $50,000 or less for each year.

47. Milo Vasarely was assessed a trust fund recovery penalty under §6672. He pays the withheld tax attributable to a single employee for one quarter, files a claim for refund, and after denial files a refund suit in federal district court. What restriction applies to IRS collection while that suit is pending?

A. The IRS may keep levying, because a refund suit never restricts collection of an assessed penalty.
B. The IRS must abate the entire penalty until the district court finally rules on the refund claim.
C. The IRS generally may not levy to collect the unpaid divisible tax while the proceeding is pending.
D. The IRS may levy only after obtaining written approval from the district court hearing the case.

48. Under IRC §6306, the IRS is required to assign certain inactive tax receivables to private collection agencies. Which delinquent account is eligible for assignment?

A. A liability of a taxpayer whose account is classified by the IRS as an identity theft case.
B. A liability that is subject to a pending offer in compromise or an approved installment agreement.
C. A liability of a taxpayer whose income consists substantially of federal Social Security disability benefits.
D. A liability with no IRS contact for over a year and no employee assigned to collect.

49. IRC §6304 imposes fair tax collection practices on IRS employees and on the private agencies acting for the Service. Absent the taxpayer's consent or court permission, when may collection contact with a taxpayer be made?

A. Only on business days between 9 a.m. and 5 p.m. at the taxpayer's last known mailing address.
B. At a convenient time, presumed after 8 a.m. and before 9 p.m. at the taxpayer's location.
C. Only during the specific hours the taxpayer has designated in writing on a signed authorization form.
D. At any hour of the day, because federal collection employees are exempt from contact restrictions.

50. Petra Zaleski moved abroad and remained continuously outside the United States for fourteen months while an assessed federal income tax liability went unpaid. What is the effect on the collection statute expiration date?

A. It continues to run, because a taxpayer's physical presence has no effect on the ten-year period.
B. It is suspended during the absence and cannot expire until six months after her return.
C. It is extended by exactly twelve months, regardless of how long the absence actually lasted.
D. It restarts entirely on the date she reestablishes a permanent residence in the United States.

51. Alistair Trescothick owns real property that is encumbered by a notice of federal tax lien filed against another person's assessed liability. He wants the parcel discharged but disputes the IRS's valuation of the government's interest in it. Under §6325(b)(4), what may he do?

A. Ask Appeals to independently value the property, with that valuation binding on both him and the government.
B. File a refund claim on Form 843 and wait for the IRS to reconsider the valuation.
C. Deposit the amount claimed or furnish an acceptable bond, then sue within 120 days for a refund.
D. Record a protest with the county recorder, which suspends the lien's effect on that one parcel.

52. Halden Szczepanski's corporation owes several quarters of employment tax and he expects a trust fund recovery penalty. He mails a partial payment with a written instruction applying it to the withheld income tax for the earliest unpaid quarter. How must the IRS treat that instruction?

A. It must honor the designation, because the payment is voluntary rather than obtained by enforcement.

B. It must ignore the designation and apply the payment to the oldest assessed period in full first.

C. It must apply the payment to the employer's share of FICA before any trust fund amounts.

D. It must refuse the payment entirely until all delinquent employment tax returns have been filed.

53. Which taxpayer's unpaid liability, although it exceeds the inflation-adjusted dollar threshold, is excluded from certification as a seriously delinquent tax debt under IRC §7345?

A. A taxpayer who filed a refund claim for another year that the IRS has not addressed.

B. A taxpayer who is paying the balance timely under an installment agreement approved by the Service.

C. A taxpayer who has requested first-time abatement of the accrued failure-to-pay penalty for that year.

D. A taxpayer who has authorized a representative to act through a properly filed Form 2848.

54. Cressida Delahoussaye submits Form 656 proposing to pay her offer amount in monthly installments over twenty months. She does not qualify for the low income certification. What payment rules apply while the offer is under consideration?

A. She submits nothing until acceptance, then pays the entire offer amount within thirty days of approval.

B. She submits twenty percent of the total offer amount and suspends payments during the evaluation.

C. She submits only the application fee and begins her payments after Appeals has reviewed the file.

D. She submits the first proposed installment with the offer and continues the monthly payments during evaluation.

55. A revenue officer is considering a trust fund recovery penalty against Odile Fontenelle for trust fund taxes reported on her company's timely filed employment tax returns for the four quarters of 2023. Absent an extension, when does the period for assessing that penalty generally close?

A. April 15, 2027, three years after the returns are deemed filed under section 6501(b)(2).

B. December 31, 2026, three years after the close of the calendar year the returns covered.

C. April 15, 2030, because the penalty follows the ten-year period allowed for collection.

D. No date, because the trust fund recovery penalty is assessable at any time without limitation.

56. Basil Ravenscar disagrees with a revenue officer's proposed seizure of business equipment and holds a conference with the officer's Collection manager, which does not resolve the dispute. Under the Collection Appeals Program, what must he do next to obtain Appeals review?

A. Petition the United States Tax Court within thirty days of the manager conference to preserve review.

B. File Form 12153 within thirty days, because a proposed seizure carries collection due process rights.

C. Submit Form 9423 within three business days of the conference with the Collection manager.

D. Wait for the manager's written determination, which he may then protest within sixty days.

57. Marisela Barghouti is entitled to a current-year refund that the IRS intends to apply against her earlier assessed federal income tax balance. She faces imminent eviction and asks that the money be released to her instead. What relief may she request?

A. A hardship waiver of the underlying balance, which removes the liability that caused the offset.

B. An injured spouse allocation on Form 8379 to recover her separate share of the joint refund.

C. An offset bypass refund, requested before the offset occurs, based on demonstrated economic hardship.

D. A refund trace, which reverses the credit and reissues the entire amount within about six weeks.

58. A credit union lends money to Gustav Hallgrimsson secured solely by his passbook savings account at that same institution, retains the passbook, and has no actual notice of a previously filed notice of federal tax lien. Under §6323(b), how is the credit union's interest treated?

A. The lien primes the loan, because the lien notice was filed before the loan was actually made.

B. The loan is protected only if the credit union separately records its security agreement locally.

C. The lien and the loan share the account proceeds proportionately as of the date of the loan.

D. The loan has superpriority over the filed lien to the extent of the secured account balance.

59. A state court appoints a receiver who takes control of all of Wendeline Verhoeven's assets in a receivership proceeding while an assessed federal tax liability remains unpaid. What happens to the ten-year collection period during that proceeding?

A. It keeps running, because a state court proceeding cannot affect a federal limitation period.
B. It is suspended while the assets are in the court's control and for six months afterward.
C. It is suspended only if the IRS files a timely proof of claim in the receivership proceeding.
D. It is replaced by a new ten-year period that begins when the receivership finally concludes.

60. Which statement correctly describes the public availability of an offer in compromise that the IRS has accepted?

A. The IRS must make the accepted offer available for public inspection for one year.
B. Accepted offers are confidential return information and are never disclosed to the general public.
C. Accepted offers are published in the Internal Revenue Bulletin within ninety days of acceptance.
D. Accepted offers become public only when the compromised liability exceeds one million dollars total.

61. Marguerite Delavigne filed her Form 1040 eleven months after the due date with no extension, and the tax required to be shown on the return was $380. Under IRC Section 6651(a)(1), how is the minimum penalty for a return filed more than 60 days late determined?

A. The full inflation-adjusted statutory amount of roughly $510 applies regardless of the smaller tax shown
B. The lesser of the inflation-adjusted statutory amount of roughly $510 or 100 percent of the tax
C. The greater of the inflation-adjusted statutory amount of roughly $510 or 100 percent of the tax
D. No minimum applies; the penalty remains 5 percent monthly of unpaid tax, capped at 25 percent

62. Ellingsworth Fabrication Inc. was required to deposit employment taxes but made the deposit twelve days after the prescribed date. Under IRC Section 6656, what penalty rate applies to a deposit made more than five days but not more than fifteen days late?

A. Two percent of the underpayment amount, the rate reserved for deposits made within five days
B. Ten percent of the underpayment amount, the rate applied to deposits exceeding fifteen days late
C. Five percent of the underpayment amount, the middle tier of the four-step statutory schedule

D. Fifteen percent of the underpayment amount, the rate triggered only after notice and demand

63. Corbin Ravenglass made no estimated tax payments during the year, but after applying his wage withholding and credits, the balance of tax due on his Form 1040 was $840. Under IRC Section 6654(e)(1), what is the consequence?

A. The penalty applies because he made no estimated payments during any quarterly installment period
B. The penalty applies but is limited to interest computed on the $840 unpaid balance
C. The penalty applies unless he can also establish reasonable cause for the underpayment
D. No penalty applies because the balance due after withholding and credits is under $1,000

64. An asset reported on Sylvain Petrossian's estate tax return was valued at 38 percent of the amount finally determined to be correct. Under IRC Section 6662, what thresholds distinguish a gross valuation understatement of estate or gift tax from a merely substantial one?

A. Gross applies at 40 percent or less of correct value; substantial applies at 65 percent or less
B. Gross applies at 25 percent or less of correct value; substantial applies at 50 percent or less
C. Gross applies at 50 percent or less of correct value; substantial applies at 75 percent or less
D. Gross applies at 20 percent or less of correct value; substantial applies at 60 percent or less

65. Rosamunde Hornbeam claimed a charitable contribution deduction for donated property whose reported value produced a gross valuation misstatement under IRC Section 6662(h). She argues she relied in good faith on a professional's advice. How does IRC Section 6664(c) treat her defense?

A. Reasonable cause may excuse the entire penalty if the appraisal was obtained from a qualified appraiser
B. Reasonable cause reduces the applicable rate from 40 percent to 20 percent for the misstated portion
C. The reasonable cause exception is unavailable for gross valuation misstatements involving charitable deduction property
D. Reasonable cause applies only if the claimed value was at least 65 percent of the correct value

66. The IRS assessed a Section 6694(a) penalty against preparer Anneke Vandermeulen for an unreasonable position on a client's return, and later determined that the same understatement was due to willful conduct warranting the Section 6694(b) penalty. How do the two interact?

A. Both penalties are assessed in full and collected cumulatively for the same return understatement
B. The Section 6694(b) penalty is reduced by the amount of the Section 6694(a) penalty already paid
C. The Section 6694(a) penalty is increased by the amount of the Section 6694(b) penalty then assessed
D. Only the Section 6694(a) penalty survives, because it was the first penalty properly assessed

67. Appraiser Ivo Szymborski prepared an appraisal he knew would be used on a return, and the resulting valuation misstatement caused an underpayment of tax. He charged $2,400 for the appraisal. Under IRC Section 6695A, how is his penalty limited?

A. It cannot exceed 125 percent of the gross income he received for preparing that appraisal
B. It cannot exceed 50 percent of the gross income he received for preparing that appraisal
C. It is capped at a flat $1,000 for each appraisal that produced a valuation misstatement
D. It cannot exceed 10 percent of the gross income he received for preparing that appraisal

68. Under IRC Section 6700, the promoter penalty is generally the lesser of $1,000 or 100 percent of the gross income derived from the abusive activity. What is the penalty instead when the promoter's conduct involves a gross valuation overstatement?

A. A flat $10,000 for each separate sale of an interest in the abusive arrangement
B. One hundred percent of the gross income derived, with no dollar alternative available
C. Twenty-five percent of the gross income derived from the valuation overstatement activity
D. Fifty percent of the gross income derived by the promoter from that particular activity

69. Bookkeeper Lars Ekstrand aided in preparing a document he knew would be used in connection with a corporation's income tax return and would understate the corporation's liability. Under IRC Section 6701, what penalty applies?

A. $10,000, and only one penalty may be imposed on him for that taxpayer's taxable period

B. $1,000, applied separately to each false document he assisted in preparing that year
C. $10,000 per document, with no limit on the number of documents penalized annually
D. $5,000, matching the amount imposed for willful preparer understatements under Section 6694(b)

70. Under IRC Section 6713, what civil penalty applies to a return preparer who discloses or uses a client's tax return information for a purpose not authorized by the regulations?

A. $500 for each disclosure, subject to a $25,000 maximum for any single calendar year
B. $1,000 for each disclosure, with no annual limit on the total amount that may be imposed
C. $250 for each disclosure, subject to a $50,000 maximum for any single calendar year
D. $250 for each disclosure, subject to a $10,000 maximum for any single calendar year

71. Ottilie Fairhurst's company filed 3,000 information returns for the year and later corrected a number of them by August 1. Under the IRC Section 6721(c) de minimis safe harbor, how many corrected returns can qualify for full penalty relief?

A. Up to 25 returns, or 1 percent of the total returns required to be filed
B. The greater of 10 returns, or one-half of 1 percent of the total returns filed
C. The lesser of 10 returns, or one-half of 1 percent of the total returns filed
D. Up to 50 returns, regardless of the total number of returns required to be filed

72. After a $5,000 frivolous submission penalty was asserted against him, Wendell Tugwell withdrew the position and came into full filing compliance. Under IRC Section 6702(d), what authority does the IRS have over that penalty?

A. It must abate the penalty in full once the frivolous position is formally withdrawn
B. It may convert the penalty into an accuracy-related penalty at the lower 20 percent rate
C. It may reduce the penalty if reduction would promote compliance with the federal tax laws
D. It has no authority to adjust the penalty, which is fixed by statute at $5,000

73. Nadeen Belliveau confirmed that someone filed a fraudulent Form 1040 using her Social Security number, and she wants to see exactly what that return reported. Which form does she submit to obtain a copy of it?

A. Form 14039, the Identity Theft Affidavit used to report the fraudulent filing itself
B. Form 4506-T, requesting a free transcript of the account for the year at issue
C. Form 4506-F, Request for Copy of a Fraudulent Tax Return, filed with the IRS
D. Form 911, requesting Taxpayer Advocate Service assistance in resolving the identity theft matter

74. Moncrieffe Industries, a C corporation, is due a refund of overpaid federal income tax, and the overpayment exceeds $10,000. Under IRC Section 6621(a)(1), what rate applies to the portion of the overpayment above $10,000?

A. The federal short-term rate plus three percentage points, the standard overpayment rate
B. The federal short-term rate plus two percentage points, the general corporate overpayment rate
C. The federal short-term rate plus five percentage points, matching large corporate underpayments
D. The federal short-term rate plus one-half of a percentage point on that excess portion

75. Bertrand Wrayburn timely filed his Form 1040 on April 15 showing an overpayment, and the IRS issued his refund on May 20 of that same year. Under IRC Section 6611(e), how much overpayment interest is he allowed?

A. None, because the refund was issued within 45 days of the return's prescribed due date
B. Interest from April 15 to May 20, computed at the federal short-term rate plus three
C. Interest for the entire period, because the overpayment existed from the original due date
D. None, because overpayment interest is never allowed on a timely filed individual return

76. Ingrid Zaltsman expects a disputed adjustment to produce a substantial deficiency and wants to stop interest from accruing while she contests it, without conceding the liability. Which mechanism does IRC Section 6603 provide?

A. An advance payment of tax that permanently forecloses any later administrative dispute of the amount

B. A cash deposit that suspends interest on the disputable tax and may be withdrawn on request

C. A bond posted with the Tax Court that halts interest until the decision becomes final

D. An escrow arrangement with a third-party trustee that the IRS credits against later assessments

77. Because Rasmus Ostwalt never filed returns, the IRS prepared substitutes for return under IRC Section 6020(b) and assessed tax. Rasmus argues that the three-year assessment period began when those substitutes were executed. Is he correct?

A. Yes, the substitute return is treated as the taxpayer's return for all limitations purposes

B. Yes, but only if he later signed the substitute and consented to the resulting assessment

C. No, a six-year period instead applies to every return prepared by the Secretary

D. No, a return executed by the Secretary does not start the assessment period running

78. Brannagh Drazkowski failed to file a required foreign information return for several years and finally furnished the missing information in 2026. Under IRC Section 6501(c)(8), when does the assessment period for the affected year expire?

A. Three years after the original return was filed, unaffected by the missing foreign information

B. Three years after the date the required foreign information is actually furnished to the IRS

C. Six years after the original return was filed, under the substantial omission provision

D. Never, because the omission of foreign information keeps the period open indefinitely

79. Consuelo Velacruz omitted from gross income an item exceeding 25 percent of the gross income stated on her return, but the item's nature and amount were fully described in a statement attached to that return. Does the six-year assessment period apply?

A. No, adequately disclosed amounts are not counted as omitted for the six-year statute

B. Yes, the six-year period applies because the amount was omitted from gross income

C. Yes, but only if the IRS proves the disclosure statement was intentionally misleading

D. No, but the period is extended to four years rather than the usual three

80. Theron Lindenbaum missed the deadline to claim a refund while incapacitated by a documented medical impairment lasting more than a year. Under IRC Section 6511(h), what must be established for the limitations period to be suspended?

A. He must show the impairment prevented filing and that he later filed within two years

B. He must obtain a private letter ruling confirming the disability before the claim is filed

C. He must be financially disabled with no other person authorized to act in financial matters

D. He must show the impairment lasted at least six months and caused an economic hardship

81. While Lucasta Ilsley's request for innocent spouse relief under IRC Section 6015 is pending with the Service, the IRS wants to levy on her wages to collect the joint liability. What restriction applies?

A. Levy is permitted, because Section 6015 requests do not affect the Service's collection authority

B. Levy is barred while the request is pending and for 90 days after the determination

C. Levy is barred for 30 days after the request is filed, then collection may resume

D. Levy is permitted only after the Independent Office of Appeals approves the proposed action

82. Odalric Jarnigan submitted whistleblower information about an individual taxpayer whose amounts in dispute exceed $2 million. Under IRC Section 7623(b)(5), what additional condition must be satisfied for the mandatory award program to apply?

A. The whistleblower must have been employed by the taxpayer during a year at issue

B. The information must have been obtained entirely from sources not available to the public

C. The taxpayer's unpaid tax must exceed $200,000 for at least one year at issue

D. The individual taxpayer's gross income must exceed $200,000 for a year at issue

83. Under IRC Section 6531, what is the limitations period for criminal prosecution of tax evasion under Section 7201 and willful failure to file a return under Section 7203?

A. Six years, an exception to the general three-year period for most federal offenses

B. Three years, the same period that generally governs civil assessment of income tax

C. Ten years, matching the period allowed for collection of an assessed tax liability

D. There is none; criminal tax offenses may be prosecuted at any time after commission

84. Under the Bank Secrecy Act, within what period must the government assess a civil penalty for failure to file an FBAR (FinCEN Form 114)?

A. Three years from the due date of the report, matching the income tax assessment period
B. Ten years from the due date of the report, matching the tax collection statute period
C. Six years from the date of the transaction giving rise to the reporting violation
D. There is no limitations period for assessing civil penalties under the Bank Secrecy Act

85. Isaura Thurlbeck is a specified tax return preparer who will file far more than eleven individual returns this season, but a documented technology limitation at her rural office makes electronic transmission impracticable. What is the correct way for her to seek relief from the electronic filing mandate?

A. Attach Form 8948 to each paper return and continue filing on paper without any advance IRS approval.
B. Submit Form 8944 requesting an undue hardship waiver in advance, generally between October 1 and February 15.
C. Request a private letter ruling from the IRS Office of Chief Counsel permitting her to file on paper.
D. Notify the IRS e-Help Desk by telephone and document that call in each affected client's engagement file.

86. Corwin Quennell, an enrolled agent, is listed as a principal on his firm's IRS e-file application. Which statement correctly describes how the fingerprinting requirement of the application process applies to him?

A. Every principal and responsible official must be fingerprinted, and no professional credential creates an exception.
B. Fingerprint cards may be mailed directly to the IRS, which then forwards them to the FBI for processing.
C. As an enrolled agent he is exempt from fingerprinting, although the suitability check still applies to him.

D. Fingerprinting is required only of firms that transmit more than five hundred returns in a single filing season.

87. Severine Zdunek purchases an existing tax practice, including the client list, office lease, and tax software, from a retiring practitioner who held a valid EFIN in good standing. Which statement correctly describes the EFIN consequences of that purchase?

A. EFINs are not transferable, so Zdunek must submit her own e-file application and obtain a new number.
B. The seller's EFIN transfers with the practice provided the sale is reported to the IRS within thirty days.
C. Zdunek may transmit under the seller's EFIN for one filing season while her own application remains pending.
D. No new application is required because the purchased transmission software is already linked to a valid EFIN.

88. After Orsolya Villasenor signed Form 8879, her ERO discovered an omitted Form 1099-INT that increased her adjusted gross income by $310 and her balance due by $47. What must the ERO do before transmitting the corrected return?

A. Transmit the corrected return and note the change in the file, since the original authorization remains valid.
B. Attach a signed statement describing the correction to the return in place of a replacement authorization form.
C. Obtain the client's verbal approval by telephone and document that conversation in the office e-file records.
D. Have the client review the corrected return and sign a new Form 8879 before the return is transmitted.

89. Which form does an electronic return originator use to give an individual client written confirmation that the IRS has accepted the client's electronically filed income tax return?

A. Form 8453, the transmittal used to send required paper attachments to the IRS after transmission
B. Form 9325, the acknowledgement notice an originator furnishes to taxpayers who file electronically

C. Form 8879, the signature authorization retained by the originator for three years after the due date
D. Form 4506-T, the request used to obtain a transcript showing the filed return's line item data

90. Aurelio Aldringham plans to send his paper Form 1040 by an IRS-designated private delivery service on the April due date rather than using the Postal Service. Which requirement must he observe?

A. He must ship to the appropriate IRS street address, because designated services cannot deliver to a post office box.
B. He may select any nationally advertised overnight carrier, since all such carriers qualify for timely filing treatment.
C. He must obtain written IRS approval before substituting a private carrier for United States Postal Service delivery.
D. He must ship at least five business days early, because the postmark date rule never applies to private carriers.

91. Yolanda Kposowa cannot finish her Form 1040 by the April deadline and would prefer not to prepare and file a separate extension form. Which action gives her an automatic six-month extension of time to file?

A. Mailing a signed letter to her service center explaining why the completed return will be filed late this year.
B. Filing a return using estimated figures now and correcting the reported numbers with an amended return later.
C. Telephoning the IRS to request that an extension be posted to her account before the April due date arrives.
D. Paying all or part of her estimated tax electronically and indicating that the payment is for an extension.

92. Ferrand Brambilla's firm needs additional time to file the information returns it prepares for its business clients. Which statement correctly describes Form 8809, Application for Extension of Time To File Information Returns?

A. It provides an automatic ninety-day extension for every information return listed in the form's instructions.

B. It extends the time to file information returns and the time to furnish recipient statements simultaneously.

C. It grants an automatic thirty-day extension for most forms, though Forms W-2 and 1099-NEC are not automatic.

D. It may be submitted only on paper and must be signed by the filer's designated responsible official.

93. Sibylla Thurgoode, an Electronic Return Originator, gathers completed and signed e-file authorizations from clients throughout early February but holds the returns in a batch, planning to transmit them all at month's end. Under IRS e-file provider rules, what is the problem?

A. Nothing, because an ERO may choose any transmission schedule that suits the practice.

B. Batch transmission is barred entirely; each return must be transmitted individually.

C. The delay is permitted only if every affected client signs a written waiver of timeliness.

D. This is stockpiling, which the rules prohibit beyond three calendar days after receipt.

94. Silje Tervainen has a farming net operating loss this year that she may carry back two years, and she wants the resulting refund as quickly as possible. Which statement is correct?

A. She may file Form 1045 within twelve months after the loss year ends; the IRS generally acts within ninety days.

B. She must file Form 1040-X for each carryback year within twelve months after the end of the loss year.

C. She may file Form 1045 at any time within three years, and the IRS generally acts on it within one year.

D. She must obtain written IRS consent before applying a farming loss against an earlier tax year's income.

95. Which statement correctly describes the effect of a taxpayer's financial disability on the period for claiming a credit or refund under section 6511?

A. The period is extended by one full year for any taxpayer who was hospitalized during the tax year at issue.

B. The period is suspended while the individual cannot manage financial affairs due to a medically determinable impairment.
C. The period is suspended only where a court has formally declared the individual incompetent to handle money.
D. The period is never suspended, because the refund statute runs regardless of a taxpayer's personal circumstances.

96. Beatriz Szymczak arranges for her own refund and the refunds of three relatives to be deposited electronically into the same personal checking account she owns. What happens to the fourth of those refunds?

A. All four refunds are deposited normally, because the direct deposit rules limit only the total dollar amount.
B. The fourth refund is rejected outright, and that taxpayer must file an amended return to claim it again.
C. The fourth refund is converted to a paper check and mailed to the address of record on that return.
D. The fourth refund is held by the IRS until the account holder verifies the identity of each depositor.

97. Osgood Maplethorpe's paper refund check was mailed by the IRS six weeks ago but has never arrived at his home address. What should he file to begin a refund trace?

A. Form 8822, Change of Address, correcting the mailing address the IRS currently has on file for him
B. Form 1040-X, Amended U.S. Individual Income Tax Return, claiming the same refund amount a second time
C. Form 3911, Taxpayer Statement Regarding Refund, requesting a trace of the check that never arrived
D. Form 843, Claim for Refund and Request for Abatement, describing the undelivered refund payment

98. Which statement correctly describes the rules governing a taxpayer who maintains required books and records in an electronic storage system?

A. Electronic images are never acceptable substitutes, so original paper documents must be kept for the entire retention period.
B. Electronic storage is permitted only for taxpayers whose annual gross receipts fall below a published dollar threshold.

C. Electronic records must be printed and certified each year by the taxpayer's return preparer to remain valid.
D. Original paper documents may be destroyed once the system reproduces legible, complete records available to the IRS.

99. The Havercroft family has a child legally placed in their home pending a domestic adoption, and the birth parents refuse to release the child's Social Security number. Which statement is correct?

A. They may claim the child using the adoptive parents' own identification numbers until the adoption becomes final.
B. They may file Form W-7A to obtain an adoption taxpayer identification number covering the placement period.
C. They must file Form W-7 to obtain an individual taxpayer identification number for the child pending adoption.
D. They must wait until the adoption is final and a Social Security number is issued before claiming the child.

100. Ekene Onwuachi is organizing several single-member limited liability companies during one week and applies for their employer identification numbers using the IRS online application. Which limitation will he encounter?

A. The IRS issues only one employer identification number per responsible party each day through the online application.
B. The online application may be used only by entities that already employ at least one full-time worker.
C. A separate power of attorney must accompany each online application submitted for a newly organized entity.
D. The IRS issues online numbers only to corporations, so limited liability companies must instead apply by mail.

Answer Key and Explanations — Practice Exam 39, Part 3: Representation, Practices, and Procedures

1. A — Candidates who fail an SEE part receive a scaled score accompanied by diagnostic information showing whether performance in each content area was weak, marginal, or strong, so that study can be targeted before a retake. Candidates who pass are simply notified that they passed; no numeric score or comparative ranking is reported.

2. B — The SEE testing window runs from May 1 through the end of February. March and April are blacked out while the examination is updated for the newly applicable tax year, so Peddicord cannot test until May 1. Choice A is wrong because the examination is simply not offered during those two months.

3. C — Every SEE part presents 100 multiple-choice questions during a three and one-half hour testing session. Only 85 of those questions count toward the candidate's score; the remaining 15 are experimental items being evaluated for future use and are not identified on screen. Candidates should therefore answer every question presented, guessing when necessary.

4. D — Each SEE testing window covers federal tax law in effect through December 31 of the preceding calendar year, which is why the examination is unavailable in March and April while questions are updated. Legislation enacted after that cutoff, or scheduled for a future year, is not tested during the current window.

5. C — Circular 230 permits enrollment based on examination, but the Return Preparer Office requires Form 23 to be filed within one year of passing the final SEE part. Vandeleur's fourteen-month delay makes the application untimely. There is no waiting period before reapplying, and continuing education completed before enrollment does not cure the late filing.

6. D — A PTIN applicant ordinarily provides a Social Security number on Form W-12. A foreign person who is ineligible for one instead submits Form 8946, the PTIN supplemental application for foreign persons, along with acceptable identification documents. Form 8554 renews enrollment and Form 23 applies for it; neither substitutes for Form 8946.

7. B — AFSP participants are not credentialed practitioners, so the IRS conditions the Record of Completion on the preparer's consent, given when renewing the PTIN, to be subject to the duties and restrictions in Circular 230, Subpart B. That consent also exposes the preparer to Office of Professional Responsibility jurisdiction over that conduct.

8. A — Section 10.8(a) provides that any individual who for compensation prepares all or substantially all of a return or refund claim is subject to the duties and restrictions of Subpart B and to sanctions under Subpart C. Representation is not required, and the rule reaches nonsigning preparers as well as those who sign.

9. D — Circular 230 bars officers and employees of the United States, its agencies, and the District of Columbia, as well as Members of Congress, from practicing before the IRS where that practice would violate the federal conflict-of-interest statutes at 18 U.S.C. sections 203 and 205. No OPR approval cures the statutory prohibition.

10. A — Circular 230 prohibits an officer or employee of a state, or of a state subdivision, whose duties require passing upon, investigating, or dealing with tax matters, from practicing before the IRS if that employment may disclose facts or information applicable to federal tax matters. No registration or waiver removes the bar.

11. B — Attorneys and certified public accountants who are not currently under suspension or disbarment practice before the IRS by filing a written declaration, usually made on the power of attorney, stating that they are currently qualified and authorized to represent the party. No IRS enrollment, examination, or special authorization is required of that credential holder.

12. C — Candidates schedule and pay for each SEE part separately and may sit for the three parts in any sequence they choose. Nothing requires a candidate to begin with Part 1 or to complete the parts on a single day. Only the carryover period for passed parts limits how long sequencing may take.

13. A — Section 10.7(a) allows individuals to appear on their own behalf before the IRS as long as they present satisfactory identification. Self-representation is not practice requiring a credential, so Thibodeaux needs no PTIN, no accompanying practitioner, and no special authorization to meet with the revenue agent; valid photo identification alone is sufficient.

14. D — Enrollment based on former IRS employment requires at least five years of continuous qualifying service and an application filed within three years after separation from that employment. Fenwright's service is sufficient, but his four-year delay is fatal. His remaining route to the credential is passing all three parts of the examination.

15. B — Exempt preparers, including participants in recognized state programs, need 15 hours of continuing education each year: three hours of federal tax law updates, ten hours of other federal tax law, and two hours of ethics. Only non-exempt preparers must add the six-hour Annual Federal Tax Refresher course and its comprehension test.

16. C — The directory lists attorneys, CPAs, enrolled agents, enrolled actuaries, enrolled retirement plan agents, and preparers holding an Annual Filing Season Program Record of Completion. Preparers whose only qualification is a PTIN are excluded, which is one of the practical incentives the IRS offers for participating in the voluntary program each year.

17. A — Section 10.20(a)(2) requires prompt notification of the requesting IRS officer or employee, along with any information the practitioner has about who may possess the records. Ravenhollow must make reasonable inquiry of her client, but she is not required to question third parties or independently verify what the client tells her. Choice B overstates her duty.

18. C — Section 10.25(c) permits other firm members to handle the matter only if the firm isolates the former Government employee so he cannot assist with the representation. The former employee and a firm representative must sign a statement under oath identifying the firm, the employee, and the matter; the firm retains it for the IRS.

19. B — Section 10.27(b)(1) permits a contingent fee for services rendered in connection with an IRS examination of an original return, including an amended return or refund claim filed within 120 days of the taxpayer receiving written notice of that examination. Fees tied to routine original returns or unprompted amended filings remain prohibited.

20. D — Section 10.28(b) expressly excludes from records of the client any document the practitioner prepared that is being withheld pending the client's performance of its contractual obligation to pay fees. Choice A overstates the rule; the general duty to return client records still applies to materials the client or third parties supplied.

21. D — Where state law allows retention during a fee dispute, section 10.28(a) narrows but does not eliminate the duty. Dellacqua must still return any records that must be attached to the taxpayer's return, and she must provide the client reasonable access to review and copy the remaining retained records. A fee dispute alone is no defense.

22. C — Section 10.34(c) obligates a practitioner to inform the client of any penalties reasonably likely to apply to a position advised or a return prepared, and of the opportunity to avoid those penalties through adequate disclosure. Silence is not an option, and the duty cannot be delegated to the client's other advisers.

23. A — Section 10.34(b) bars a practitioner from advising a client to submit a document to the IRS whose purpose is to delay or impede tax administration, or that is frivolous. The other options invent limits that Circular 230 does not impose; collection representation itself is entirely proper for an enrolled agent.

24. B — Section 10.37(b) permits reliance on another person's advice only if the reliance is in good faith and the advice is reasonable. Reliance fails when the practitioner knows or should know that the other person is not competent, lacks the necessary qualifications, or has a conflict of interest. Outside advice is not categorically barred.

25. D — Circular 230 section 10.51(a) lists as disreputable conduct the willful failure to file on magnetic or other electronic media a return the practitioner prepared, when required to do so, absent reasonable cause. Accuracy and timeliness do not cure the violation, and no prior penalty assessment is required first. Choice A misstates the overlap.

26. C — Discovery in these proceedings is limited and available only at the Administrative Law Judge's discretion. Section 10.71 caps requests for admission at thirty in total, including any subparts within a specific request, unless the judge approves more. Depositions and other discovery likewise require a written motion showing relevance and reasonableness.

27. A — Section 10.76 provides that the Administrative Law Judge should enter a decision within 180 days after the hearing concludes and any timely proposed findings and conclusions are received. The decision must state findings, conclusions, reasons, and an appropriate order. Circular 230 does set a target period, so choice D is incorrect.

28. D — Under section 10.82(g), a practitioner suspended through the expedited process may demand that the IRS institute a regular proceeding. The written demand must be made within two years after the suspension commenced, and the IRS must issue a complaint within 60 calendar days of receiving it, or the suspension lifts.

29. B — A respondent must answer a show cause order within 30 calendar days of service. Section 10.82 then allows a requested conference to be held at a place the IRS designates, but no sooner than 14 calendar days after the response deadline. No Administrative Law Judge is assigned in this expedited track.

30. A — Section 10.72(c) requires each party to file a prehearing memorandum identifying proposed exhibits, the witnesses it intends to call with a summary of their expected testimony, any expert reports, and the facts not in dispute. The purpose is to narrow issues before hearing, not to force settlement or disclose client lists.

31. C — Section 10.51(a) enumerates giving a false opinion knowingly, recklessly, or through gross incompetence, including opinions that are intentionally or recklessly misleading, and a pattern of providing incompetent opinions on federal tax questions. A good-faith opinion later held wrong on an unsettled issue is not, by itself, disreputable conduct. Fee level alone is irrelevant here.

32. B — Form 56 is filed both to create and to terminate notice of a fiduciary relationship; Part II of a second Form 56 reports the termination. Until that notice is filed, the IRS may continue directing notices to Strandberg. Form 2848 authorizes representation, and Form 8821 permits inspection only, so neither ends a fiduciary role.

33. D — Section 7602(c)(3) exempts contacts the taxpayer authorized, contacts involving pending criminal investigations, jeopardy collection, and situations where notice would risk reprisal against any person. Representation status, audit type, and the third party's identity are irrelevant to the exception. Absent an exception, the IRS must give notice at least 45 days before beginning contacts.

34. C — IRC section 7602(d) prohibits issuing or enforcing an administrative summons for any person or period while a Justice Department referral is in effect for that person and period. Managerial approval, recordkeeper status, and advance notice cannot cure the bar. The prohibition lifts only when the referral is withdrawn or the prosecution concludes.

35. A — The UDIF score rates a return's potential for unreported income, complementing the traditional DIF score, which ranks returns by the likelihood that examination will produce a change. UDIF does not estimate dollar recovery, count prior no-change examinations, or predict taxpayer agreement. Both scores are among several methods the IRS uses to select returns.

36. B — Section 7521(b)(1) requires the IRS, before or at an initial in-person interview, to explain the audit process and the taxpayer's rights, or the collection process for collection interviews. Scoring data and selection criteria are not disclosed, no tax estimate is required, and third-party contact notice is governed separately by section 7602(c).

37. C — A formal written protest must list the disputed items, the facts and law supporting the taxpayer's position, and a penalties-of-perjury declaration that the stated facts are true, signed by the taxpayer. The representative signs a separate declaration. Interest projections, statute waivers, and examination workpapers are never required components of a protest.

38. D — Section 7609(f) bars a John Doe summons unless a federal court first approves it. The Service must show the summons relates to an ascertainable group, that a reasonable basis exists to believe those persons failed to comply, and that the information is not readily available elsewhere. Individual notice is impossible because the persons remain unidentified.

39. B — IRC section 6212(d) permits the IRS to rescind a notice of deficiency with the taxpayer's consent; both sides must agree, usually using Form 8626. Rescission restores the parties to their pre-notice positions, and the 90-day period stops running. Rescission is unavailable once a Tax Court petition is filed, and neither party may act unilaterally.

40. A — Under IRC section 7811(c), a Taxpayer Assistance Order may be modified or rescinded only by the National Taxpayer Advocate, the Commissioner, or a Deputy Commissioner, and any such action must be explained in writing. Revenue agents, managers, and Appeals officers have no authority over the order. Taxpayers request this relief on Form 911.

41. A — Audit reconsideration is a discretionary administrative process, not a statutory one, so filing a request does not automatically stop levies, liens, or other collection action on the assessed balance. Examination may ask Collection to hold enforcement, but that is not guaranteed. Form 12153 requests a collection due process hearing, an unrelated procedure.

42. D — IRC section 7803(e)(7), added by the Taxpayer First Act, requires the IRS to furnish the nondocketed case file to a requesting individual whose adjusted gross income is $400,000 or less no later than ten days before the Appeals conference. No Freedom of Information Act request is needed, and the deadline precedes the conference.

43. C — The IRS initiates every examination by mailed notice, such as a letter or CP notice sent to the last known address; it does not begin audits by email, text, or an unsolicited telephone call demanding account information. Field examinations are scheduled by appointment after written contact. This caller is soliciting information fraudulently.

44. B — The Form 2848 instructions require each spouse on a joint return to complete and submit a separate power of attorney, even when both name the identical representative. A single form signed by one or both spouses is insufficient. Form 8821 only permits inspection of information, so it cannot substitute for the second spouse's authorization.

45. A — Policy Statement 4-3 permits reopening a closed case only for evidence of fraud, malfeasance, collusion, concealment, or misrepresentation; a substantial error based on an established Service position; or when continued closure would seriously prejudice tax administration. Staffing changes, later-year adjustments, and an examiner's second thoughts about documentation are not among the permitted grounds.

46. D — Under IRC section 7463, a taxpayer may elect small tax case procedures when the deficiency, including penalties, does not exceed $50,000 for each year at issue. Proceedings are informal and less costly, but the decision is final and cannot be appealed by either party. Prior Appeals consideration neither creates nor bars the election.

47. C — Under §6331(i), when a taxpayer pays the divisible portion of a trust fund recovery penalty and litigates a refund claim, the IRS generally may not levy to collect the unpaid balance while that proceeding is pending. The assessment stands and interest accrues, so abatement is wrong; jeopardy situations are a narrow exception.

48. D — Section 6306 directs the IRS to assign inactive receivables, those with no assigned employee or no IRS contact for more than a year, to private collection agencies. Congress excluded accounts in identity theft status, those covered by pending offers or installment agreements, and taxpayers whose income is substantially Social Security disability benefits. Private agencies cannot levy.

49. B — IRC §6304 borrows Fair Debt Collection Practices Act standards. Absent consent or court permission, contact is presumed convenient after 8 a.m. and before 9 p.m. at the taxpayer's location. Employees also may not contact a represented taxpayer directly or use harassing conduct. No written authorization designating hours is required under the statute.

50. B — IRC §6503(c) suspends the running of the collection period while a taxpayer is continuously outside the United States for at least six months, and the statute cannot expire until six months after the return. The absence tolls the period rather than restarting it or adding a fixed twelve months to the deadline.

51. C — Section 6325(b)(4) lets an owner other than the assessed taxpayer obtain a certificate of discharge by depositing the amount the IRS determines, or posting an acceptable bond, and then suing in district court within 120 days to challenge that determination. Appeals valuation is not binding, and county filings do not suspend liens.

52. A — A taxpayer who makes a voluntary payment may direct how the IRS applies it, so written instructions designating the trust fund portion of a specific quarter must be honored. Payments the IRS obtains involuntarily, such as levy proceeds or offset refunds, carry no designation right and are applied in the government's best interest.

53. B — IRC §7345 excludes debts being paid timely under an installment agreement or accepted offer in compromise, debts suspended because of a timely collection due process hearing request, and debts involving pending innocent spouse relief. Filing a refund claim, requesting penalty abatement, or appointing a representative does not stop certification to the State Department.

54. D — A periodic payment offer requires the first proposed installment with Form 656, plus the application fee, and the remaining proposed installments must continue while the offer is under consideration. Missing them can cause the offer to be treated as withdrawn. The twenty percent rule applies only to lump sum cash offers.

55. A — Employment tax returns for periods within a calendar year are deemed filed on April 15 of the following year under §6501(b)(2). The three-year assessment period for the §6672 penalty therefore runs from April 15, 2024, closing April 15, 2027. A timely protest of Letter 1153 can extend that date further.

56. C — Publication 1660 directs a taxpayer who cannot resolve a lien, levy, or seizure dispute with the Collection manager to file Form 9423 within three business days of that conference. Collection Appeals Program decisions are binding and cannot be taken to Tax Court, unlike a collection due process determination, which is judicially reviewable.

57. C — An offset bypass refund lets the IRS release a refund it would otherwise apply to its own prior assessed liability when the taxpayer documents economic hardship, but the request must be made before the offset posts. It cannot bypass Treasury Offset Program debts such as child support or state obligations. The liability itself remains due.

58. D — Section 6323(b)(10) grants superpriority to an institution that makes a loan secured only by a passbook savings account it holds, provided it has no actual notice of the filed lien and retains the account in its possession. Filing the notice alone does not defeat that protected interest. No separate local recording is required.

59. B — IRC §6503(b) suspends the collection period while a taxpayer's assets are in the control or custody of a court in any proceeding, and for six months after. The suspension is automatic; it does not depend on the IRS filing a claim, and it tolls rather than restarts the period under section 6502.

60. A — Section 6103(k)(1) requires the IRS to permit public inspection of accepted offers in compromise, and the Service maintains the inspection file for one year. The information shown is limited to identifying details and the compromised amounts. Offers are not published in the Internal Revenue Bulletin, and no dollar threshold applies, regardless of size.

61. B — Section 6651(a)(1) sets a floor for returns filed more than sixty days late: the penalty is at least the lesser of an inflation-adjusted statutory amount, roughly $510, or 100 percent of the tax required to be shown. Because Delavigne's tax was only $380, that smaller figure controls. Choosing the greater amount reverses the statute.

62. C — The Section 6656 schedule has four tiers: two percent for deposits made within five days, five percent for six through fifteen days, ten percent beyond fifteen days, and fifteen percent once the depositor ignores a notice and demand. Ellingsworth deposited twelve days late, placing the shortfall squarely in the five percent tier.

63. D — Section 6654(e)(1) waives the estimated tax addition entirely when the tax shown on the return, reduced by withholding and refundable credits, is less than $1,000. Ravenglass owed only $840, so no penalty arises despite his making no estimated payments. Reasonable cause is irrelevant here; the de minimis threshold resolves the question by itself.

64. A — For estate and gift tax, a substantial valuation understatement exists when the reported value is 65 percent or less of the correct value, and a gross misstatement exists at 40 percent or less. Petrossian's

38 percent figure clears the gross threshold, exposing that portion of the underpayment to the elevated 40 percent rate.

65. C — Section 6664(c) denies the reasonable cause and good faith exception for any underpayment portion attributable to a gross valuation misstatement involving charitable deduction property. Hornbeam's reliance on professional advice therefore cannot excuse the penalty, however genuinely held. Obtaining a qualified appraisal does not restore the defense once the gross misstatement threshold is crossed.

66. B — Section 6694(b)(3) prevents duplication by reducing the willful or reckless conduct penalty by any amount already paid under Section 6694(a) with respect to the same return. Vandermeulen therefore does not bear both penalties in full for one understatement. The statute never operates in reverse by increasing the subsection (a) penalty instead.

67. A — Section 6695A imposes the lesser of two amounts: the greater of $1,000 or ten percent of the resulting underpayment, and 125 percent of the gross income the appraiser received for that particular appraisal. With a $2,400 fee, Szymborski's total exposure is capped at $3,000 no matter how large the underpayment becomes.

68. D — Section 6700 normally imposes the lesser of $1,000 or the gross income derived from each abusive activity. When the conduct involves a gross valuation overstatement, however, the penalty instead becomes 50 percent of the gross income derived, a far larger figure for a successful promoter. No flat $10,000 amount appears in the statute.

69. A — Section 6701 penalizes aiding and abetting an understatement at $1,000 per document, increased to $10,000 when the document relates to a corporation's tax liability. Only one penalty may be imposed on a person with respect to any single taxpayer's taxable period, so Ekstrand faces one $10,000 penalty rather than several.

70. D — Section 6713 imposes a civil penalty of $250 for each unauthorized disclosure or use of a client's tax return information, capped at $10,000 for any single calendar year. The parallel criminal provision, Section 7216, carries far heavier consequences. The remaining choices misstate either the per-disclosure amount or the annual ceiling, or both.

71. B — The Section 6721(c) safe harbor forgives returns whose errors are corrected by August 1, but only for the greater of ten returns or one-half of one percent of the total number filed. With 3,000 returns, Fairhurst's company can shelter fifteen. Using the lesser figure would wrongly cap that relief at ten.

72. C — Section 6702(d) gives the Service discretion to reduce a frivolous return or submission penalty whenever doing so would promote compliance with and administration of the federal tax laws. Abatement is not mandatory simply because Tugwell withdrew the position, and the penalty cannot be recharacterized as an accuracy-related penalty under any provision.

73. C — Form 4506-F requests a copy of a fraudulent return filed using the victim's identifying number, and the Service furnishes a redacted version. Form 14039 reports the theft but does not produce the fraudulent document itself. Because Belliveau wants the actual return, Form 4506-F is the correct request to submit here.

74. D — Section 6621(a)(1) sets the corporate overpayment rate at the federal short-term rate plus two percentage points, but reduces it to short-term plus one-half of a point for any portion of the overpayment exceeding $10,000. Moncrieffe Industries therefore earns the lower rate on that excess. The three-point figure applies to noncorporate overpayments.

75. A — Section 6611(e) allows no overpayment interest when the Service refunds a timely filed return's overpayment within 45 days of the prescribed due date. Wrayburn's May 20 refund falls inside that window measured from April 15. Interest is not categorically barred on individual returns; only the 45-day grace period applies here.

76. B — Section 6603 permits a taxpayer to remit a cash deposit that stops interest from running on a disputable tax while the dispute continues. Unlike a payment, the deposit may be withdrawn on written request, and returned amounts attributable to disputable tax earn interest at the federal short-term rate. Zaltsman preserves her position.

77. D — Section 6501(b)(3) provides that a return executed by the Secretary under Section 6020(b) does not start the limitations period running at all. Because Ostwalt never filed, assessment remains open indefinitely under Section 6501(c)(3). His argument would hand nonfilers a limitations benefit that compliant taxpayers earn only by actually filing a return.

78. B — Section 6501(c)(8) suspends the assessment period for returns affected by unfiled foreign information reports until three years after the required information is actually furnished to the Service. Drazkowski's 2026 filing therefore starts a fresh three-year clock. The period is not permanently open, nor is it governed by the six-year substantial omission rule.

79. A — Section 6501(e)(1) expressly excludes from the omitted amount any item disclosed in the return itself, or in an attached statement, adequately enough to apprise the Service of its nature and amount. Velacruz's attachment meets that standard, so the ordinary three-year period governs despite the sheer size of the omitted item.

80. C — Section 6511(h) suspends the refund limitations period while an individual is financially disabled, meaning unable to manage financial affairs because of a medically determinable impairment lasting at least twelve months. The suspension is unavailable for any period during which a spouse or another person was authorized to act in financial matters.

81. B — Section 6015(e)(1)(B) bars levy and collection proceedings while a relief request is pending and until the ninety-day Tax Court petition period expires, extending further if a petition is actually filed. The collection statute is suspended for that time plus sixty days. Ilsley's wages are protected throughout the pendency of her request.

82. D — Section 7623(b)(5) makes the mandatory award program available only when the amounts in dispute exceed $2 million and, where the target is an individual, that individual's gross income exceeds $200,000 for any year at issue. The test looks to reported gross income, not to the size of the unpaid tax.

83. A — Section 6531 sets a six-year limitations period for the enumerated tax offenses, including evasion under Section 7201 and willful failure to file a return under Section 7203, rather than the three-year default that governs most federal crimes. Prosecution is not permitted indefinitely, and the ten-year figure describes tax collection instead.

84. C — Under 31 U.S.C. Section 5321(b)(1), FBAR civil penalties must be assessed within six years of the transaction giving rise to the reporting violation, which in a nonfiling case is treated as the report's own due date. This differs from the three-year income tax assessment period and from the ten-year collection statute.

85. B — Form 8944, Preparer e-file Hardship Waiver Request, is how a specified tax return preparer asks the IRS to excuse the electronic filing mandate. It is submitted in advance, generally between October 1 and February 15. Form 8948 requests nothing; it merely explains on an already paper filed return why electronic filing did not occur.

86. C — Principals and responsible officials listed on an IRS e-file application generally must be fingerprinted through an IRS authorized vendor. Attorneys, certified public accountants, enrolled agents, and officers of publicly held corporations are exempt. Exemption from fingerprinting does not excuse the suitability check, which reviews tax compliance, criminal background, and prior electronic filing conduct.

87. A — Electronic Filing Identification Numbers are assigned to a specific firm and are never transferable through a sale, merger, gift, or other disposition of a tax practice. The purchaser must complete her own IRS e-file application, pass the suitability check, and receive a newly issued number before transmitting any client returns under her ownership.

88. D — Publication 1345 requires a new Form 8879 whenever changes made after the taxpayer signs increase adjusted gross income by more than fifty dollars, or change total tax, withholding, refund, or balance due by more than fourteen dollars. Both thresholds are exceeded here, so the taxpayer must review the corrected return and sign again.

89. B — Form 9325 is the acknowledgement notice an electronic return originator furnishes the taxpayer confirming the Internal Revenue Service accepted the electronically filed return, including the submission identification number. Form 8453 transmits required paper attachments, Form 8879 authorizes the electronic signature, and Form 4506-T requests a transcript; none of those confirm acceptance.

90. A — Designated private delivery services cannot deliver to a post office box, so returns entrusted to those carriers must be sent to the appropriate Internal Revenue Service street address. Only carriers appearing on the current designated list qualify for the timely mailing treated as timely filing rule of section 7502; other carriers do not.

91. D — A taxpayer receives an automatic six month extension simply by paying all or part of the estimated income tax due electronically through Direct Pay, the Electronic Federal Tax Payment

System, or an approved card processor, and indicating that the payment is for an extension. No separate Form 4868 is then required.

92. C — Form 8809 provides one automatic thirty day extension of time to file most information returns. For Forms W-2 and 1099-NEC that extension is not automatic; the filer must meet one of the narrow listed reasons and sign the request. Form 8809 never extends the separate deadline for furnishing statements to recipients.

93. D — Publication 1345 prohibits stockpiling, defined as waiting more than three calendar days to submit a return after the ERO has received everything needed for transmission. Holding signed authorizations for several weeks plainly violates that rule, and no client waiver can cure it. Batch transmission itself remains entirely permissible when it is done promptly.

94. A — Form 1045, Application for Tentative Refund, must be filed within twelve months after the end of the loss year, and the Internal Revenue Service generally acts on it within ninety days. Amended returns on Form 1040-X remain available for the ordinary three year period but produce refunds far more slowly.

95. B — Section 6511(h) suspends the refund claim period while an individual cannot manage financial affairs because of a medically determinable physical or mental impairment expected to last at least twelve months. No court declaration of incompetency is required. The suspension does not apply for any period when another person was authorized to act financially.

96. C — The Internal Revenue Service limits electronic refund deposits to three per financial account or prepaid debit card. Additional refunds directed to the same account are automatically converted to paper checks and mailed to the address of record, accompanied by a notice explaining the change. The refunds are neither rejected nor permanently withheld.

97. C — Form 3911, Taxpayer Statement Regarding Refund, initiates a refund trace when a refund check was lost, stolen, destroyed, or never received, or when an expected direct deposit failed to arrive. Filing an amended return would not recover the missing payment, and Form 8822 only updates the address used for future correspondence.

98. D — Revenue Procedure 97-22 permits taxpayers to maintain required books and records within an electronic storage system. Original hard copy documents may then be destroyed, provided the system reproduces legible, complete, and accurate records, includes reasonable controls and indexing, and makes those records available to the Internal Revenue Service upon request.

99. B — Form W-7A obtains an adoption taxpayer identification number for a child legally placed in the home for a pending domestic adoption when the adopting parents cannot secure the child's Social Security number. That temporary number supports dependency and child tax credit claims, but it can never support the earned income credit.

100. A — The online employer identification number assistant issues only one number per responsible party each day, a limit applied regardless of how many entities are being organized that week. The responsible party must be an individual who actually controls the entity, so applications for the remaining companies must wait for later days.