

## **SEE 3. Sample Questions**

### **Terminology KEY for SEE Sample Test Questions**

#### **Abbreviation/Term/Symbol:**

IRC or Code Section  
Instructions  
Form  
Pub or Publication  
IRB  
31 U.S.C.  
C.F.R.  
Treas. Reg. or Regulations  
DOL  
Cir. 230  
IRM  
T.C. Memo  
§

#### **Refers to:**

Internal Revenue Code  
IRS Form Instructions  
IRS Tax Form  
IRS Publication  
Internal Revenue Bulletin  
Title 31 of United States Code  
Code of Federal Regulations  
Treasury Regulations  
Department of Labor  
Treasury Department Circular 230  
Internal Revenue Manual  
Tax Court Memo  
Symbol for Code Section

Numbers and/or letters following the code section symbol are used to guide the user to the appropriate area in the Code for that reference.

**1.** Under Treasury Department Circular No. 230, all of the following are considered to be incompetence and disreputable conduct EXCEPT:

- (A) Conviction of any criminal offense under the Federal tax laws
- (B) Conviction of any criminal offense involving dishonesty or breach of trust
- (C) Willfully disclosing tax return information with the consent of the taxpayer
- (D) Willfully failing to sign a tax return prepared by the tax practitioner as required by Federal tax laws, unless the failure is due to reasonable cause and not due to willful neglect

**Key:** C

**References:** Treasury Department Circular No. 230, Section 10.51 of Circular 230, Pgs. 29 and 30

**2.** An Enrolled Agent (EA) can be sanctioned under Circular 230 in each of the following ways EXCEPT:

- (A) Monetary penalty
- (B) Imprisonment
- (C) Censure
- (D) Disbarment

**Key:** B

**References:** Circular 230 Section 10.50

**3.** How many years in the future can an authorization on a Form 2848 be recorded to the Centralized Authentication File (CAF)?

- (A) Current year + 1
- (B) Current year + 2
- (C) Current year + 3

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(D) Current year + 4

**Key:** C

**References:** Instructions for Form 2848 pg. 3

4. A taxpayer filed an appeal of an IRS examination and then signed IRS Form 8821, Tax Information Authorization, on behalf of an unenrolled return preparer. Which of the following is correct?

- (A) The unenrolled return preparer may represent the client before IRS Appeals based on the Form 8821
- (B) The unenrolled return preparer may represent the client before IRS Appeals with the oral consent of the client
- (C) The unenrolled return preparer may represent the client before IRS Appeals with a note attached by the client
- (D) The unenrolled return preparer may not represent the client before IRS Appeals

**Key:** D

**References:** Form 2848 Instructions pg. 2

5. In preparing an Earned Income Credit Worksheet and Form 8867, to meet the due diligence requirements, a return preparer must retain for a certain period all of the following except:

- (A) A record of from whom the information used to prepare the Form 8867 and the worksheets was obtained
- (B) A copy of the Form 8867
- (C) A record of any questions the taxpayer may have asked the tax preparer about their eligibility for the credits
- (D) Copies of documents provided by the taxpayer that the return preparer relied on to determine the eligibility for the credits

**Key:** C

**References:** Form 8867 Instructions (2017), page 4

6. An Enrolled Agent (EA) is in the process of representing Taxpayer A before the Internal Revenue Service for a tax matter. Taxpayer A's ex-husband also asked the EA to represent him for the same matter. Which of the following is NOT required for the EA to represent both?

- (A) The EA must notify the Office of Professional Responsibility that the EA will be representing both taxpayers
- (B) Both taxpayers must waive the conflict of interest and give informed consent in writing to the EA
- (C) The EA must reasonably believe that the EA will be able to provide competent and diligent representation to both taxpayers
- (D) The representation is not prohibited by law

**Key:** A

**References:** Circular 230 Pages 22 and 23, Section 10.29

7. An Enrolled Agent (EA) prepared an individual income tax return for a taxpayer with a balance due of \$25,597. The taxpayer is not able to pay the entire amount upon filing and would like to set up an installment agreement. Which of the following statements are correct with regard to this agreement?

- (A) Since the taxpayer owed more than \$25,000 the taxpayer may not apply online
- (B) The taxpayer will not be charged a user fee to set up this installment agreement
- (C) The taxpayer must be in filing compliance
- (D) The taxpayer will not be charged interest and penalties while making installment payments

**Key:** C

**References:** Publication 594 Page 3

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**8.** In order for the IRS to grant a guaranteed installment agreement, a taxpayer must have not failed to file any income tax returns or pay any tax shown on such returns during any of the preceding:

- (A) 3 taxable years
- (B) 5 taxable years
- (C) 6 taxable years
- (D) 10 taxable years

**Key:** B

**References:** IRC 6159(c)(2)

**9.** A taxpayer is provided a \$300 per month mileage allowance for business travel from employer. In order for this to be a non-taxable item, which of the following must be true?

- (A) The taxpayer must return any excess reimbursement within 180 days after the expense was paid or incurred
- (B) The taxpayer must adequately account for the expenses within 60 days after they were paid or incurred
- (C) The taxpayer must receive the advance within 60 days of the time the taxpayer has the expense
- (D) The taxpayer must adequately account for the expenses within 120 days after they were paid or incurred

**Key:** B

**References:** Reg. § 1.62-2(g)(2); Publication 463 Chapter 6 Page 30

**10.** Which of the following tasks can be performed by any Enrolled Agent (EA) on behalf of their client?

- (A) Prepare and file a suit for refund in United States District Court
- (B) Prepare and sign a United States Tax Court petition to contest a notice of deficiency
- (C) Prepare and sign a protest to challenge examination results in the IRS Appeals Office
- (D) Prepare and file a bankruptcy petition in United States Bankruptcy Court due to unpaid tax balances

**Key:** C

**References:** IRS Form 12203; Pub 947, pages 3 and 7; Pub 5; Instructions for Form 2848, pg. 2

**11.** Any Enrolled Agent (EA) can represent a taxpayer:

- (A) Before any administrative level of the IRS
- (B) Only if the EA prepared the return
- (C) At all tax-related federal court proceedings
- (D) Before collections, examinations and Tax Court

**Key:** A

**References:** Tax Court Rule 200; Circular 230, sections 10.2(4), 10.3(c) & 10.32

**12.** A new client visits an Enrolled Agent (EA). The taxpayer believes that the U S tax system is purely voluntary and filed a return showing no income tax, requesting all withholding be refunded. The IRS assessed a \$5,000 frivolous return penalty.

The taxpayer has received a Notice of Intent to Levy and Right to Collection Due Process (CDP) Hearing concerning the \$5,000 penalty. The taxpayer wants the EA to present the previous arguments about the tax system.

Which of the following is a correct statement regarding the CDP hearing request raising arguments previously

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deemed frivolous?

- (A) If the CDP request is deemed frivolous, the taxpayer will be given 30 days to withdraw or amend the CDP request in order to avoid a frivolous submission penalty
- (B) The EA would not be subject to a frivolous submission penalty by submitting the CDP hearing request
- (C) Since a \$5,000 frivolous return penalty has been assessed, a second penalty cannot be assessed for the same tax period
- (D) In all circumstances, filing the CDP request will suspend any levies while Appeals considers the request

**Key:** A

**References:** IRC 6702

**13.** A taxpayer received a notice from the IRS saying a prior year's tax return had been examined, creating a tax assessment of \$2,560. The taxpayer disagrees with the amount of tax assessed. The taxpayer could request an audit reconsideration in all of the following situations EXCEPT:

- (A) The full amount owed has already been paid
- (B) There is new documentation for the examination
- (C) They neither appeared for the examination nor sent information to the IRS
- (D) They moved and never received the examination notice

**Key:** A

**References:** Publication 3598

**14.** An Enrolled Agent's (EA's) client is an individual taxpayer who is requesting assistance with a proposed penalty. All of the following are methods of addressing the penalty, EXCEPT:

- (A) Prior to a penalty being assessed in an examination, it may be appealed via deficiency procedures
- (B) Prior to assessment, the EA can request binding arbitration to reconsider the penalty
- (C) After the penalty has been assessed, a written request for abatement can be submitted
- (D) After the penalty has been assessed and paid, the EA can prepare a claim for refund

**Key:** B

**References:** Methods of Appealing Penalties, IRM 20.1.1.4(2)

**15.** An Enrolled Agent's communications with a client may be privileged if they concern:

- (A) Encouraging the client to participate in a tax shelter
- (B) Preparing the client's tax return
- (C) Representing the client in an IRS examination
- (D) A criminal tax investigation

**Key:** C

**References:** Code section 7525 (a)(1)-(2) and (b) ; Publication 556, pages 3-4

**16.** When advertising their services, an Enrolled Agent may use all of the following phrases to describe their professional designation EXCEPT:

- (A) Certified to practice before the Internal Revenue Service
- (B) Admitted to practice before the Internal Revenue Service.
- (C) Enrolled to represent taxpayers before the Internal Revenue Service
- (D) Enrolled to practice before the Internal Revenue Service

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**Key:** A

**References:** Circular 230, section 10.30(a)(1)

**17.** An Enrolled Agent (EA) represented both a taxpayer and a former business partner of the taxpayer before the Internal Revenue Service with regard to a specific tax matter. Due to the conflict of interest, the EA obtained a written consent from each of the clients waiving the conflict of interest and giving informed consent. The EA must keep those written consents for how long after the conclusion of representation?

- (A) 24 Months
- (B) 36 Months
- (C) 48 Months
- (D) 72 Months

**Key:** B

**References:** Circular 230, section 10.29(c)

**18.** If a taxpayer and the IRS fail to settle a non-docketed examination controversy in the IRS Appeals Office, the next event to occur is:

- (A) Issuance of a notice of deficiency
- (B) Issuance of notice and demand for payment
- (C) Return of the case to the Revenue Agent for further review
- (D) Referral of the case to the Taxpayer Advocate

**Key:** A

**References:** Publication 556 Examination of Returns, Appeal Rights, and Claims for Refund, p. 5

**19.** The Tax Court has generally held that taxpayers who rely on software to justify errors on self-prepared returns are:

- (A) Not liable for the 6662 accuracy-related penalty
- (B) Liable for the 6662 accuracy-related penalty
- (C) Liable for 20% of the 6662 accuracy-related penalty
- (D) Liable for 40% of the 6662 accuracy-related penalty

**Key:** B

**References:** IRC 6662; IRC 6664(c); Treas. Reg. 1.6664-4(b)(1); Anyika v. Commissioner, T.C. Memo. 2011-69

**20.** When an Electronic Return Originator (ERO) receives a reject of an e-filed return and cannot rectify the reason for the rejection, how soon must the ERO take reasonable steps to notify the taxpayer?

- (A) Within 8 hours
- (B) Within 12 hours
- (C) Within 24 hours
- (D) Within 48 hours

**Key:** C

**References:** Publication 1345 Handbook for Authorized IRS e-File Providers of Individual Tax Returns pg.30