

## Sample Questions for the Registered Tax Return Preparer Test

Select the single best answer for each question.

1. For purposes of the Earned Income Credit, a qualifying child is a child who...
  - A. is over age 24 at the end of 2010 and not permanently and totally disabled
  - B. has lived with you in the United States for at least 12 months
  - C. is filing a joint return
  - D. meets the relationship test
  
2. A taxpayer should itemize deductions if the taxpayer's total itemized deductions are...
  - A. less than the taxpayer's interest income
  - B. more than the taxpayer's standard deduction
  - C. equal to the taxpayer's self employment tax
  - D. double the taxpayer's unemployment compensation
  
3. Which of the following payments are generally taxable?
  - A. Qualified disaster relief payments
  - B. VA benefits
  - C. Unemployment compensation
  - D. Payments from a government welfare fund based on need
  
4. The distributions made to a taxpayer from a traditional IRA are less than the required minimum distribution for the year. The amount of excise tax that the taxpayer may have to pay on the amount not distributed is
  - A. 75%
  - B. 50%
  - C. 25%
  - D. 10%
  
5. Self-employment tax applies to which of the following?
  - A. Individuals who report only interest and dividend income
  - B. Corporations that report less than \$50,000 in gross receipts
  - C. Independent contractors reporting net earnings from self-employment of \$100
  - D. Independent Contractors reporting net earnings from self-employment of \$400 or more
  
6. A taxpayer can make an adjustment to income on Form 1040 for which of the following?

- A. Deductible part of self-employment tax from Schedule SE
- B. Medical expenses
- C. Excess social security and tier 1 Railroad Retirement Tax
- D. Prior year federal income tax paid

7. Which of the following statements regarding tip income is true?

- A. If you are an indirectly tipped employee (for example, a busser or bartender) you are not required to report tips to your employer.
- B. Any tips you reported to your employer are to be included in the wages in box 1 (Wages, tips, other compensation) of your Form W-2.
- C. If the only tips you receive in a month are charged tips (for example, credit and debit card charges) distributed to you by your employer, you are not required to report these tips to your employer.
- D. You must report the value of any noncash tips, such as tickets and passes, to your employer.

8. An unmarried taxpayer provides all of the support necessary for an elderly parent to live independently in a separate home. The taxpayer is claiming the parent as a dependent. Which of the following filing statuses is the taxpayer allowed to use when filing and generally will be the most advantageous for the taxpayer to use?

- A. Single
- B. Head of household
- C. Qualifying widow
- D. Married filing separately

9. A taxpayer goes to a casino and wins \$10,000. The casino withholds \$500 for Federal income taxes. What is the proper tax treatment by the taxpayer?

- A. The taxpayer must report the winnings and can claim the amount of Federal income tax withheld on Form 1040
- B. The taxpayer does not have to report the winnings because the taxpayer did not receive a Form 1099G from the casino
- C. The taxpayer is not required to report the winnings on the taxpayer's Form 1040 unless the taxpayer wants to claim the withholding on the Form 1040
- D. The taxpayer must report the winnings on the taxpayer's Form 1040, but the taxpayer may not claim the amount of Federal income tax withheld unless the taxpayer itemizes deductions

10. The IRS rejected a taxpayer's return when the taxpayer attempted to e-file the return. When resubmitting the rejected return as a paper return, the taxpayer must file the return

- A. by the due date for filing the return or 20 calendar days after the return was rejected
- B. by the due date for filing the return or 5 calendar days after the return was rejected
- C. by the due date for filing the return or 10 calendar days after the return was rejected
- D. by the due date for filing the return or 30 calendar days after the return was rejected

11. When the IRS rejects a return that an Electronic Return Originator (ERO) attempted to e-file for a taxpayer, the ERO must advise the taxpayer of the rejection and provide the taxpayer with the

- A. IRS Customer Service phone number for assistance
- B. Declaration Control Number
- C. IRS code section
- D. rejected code, accompanied by an explanation

12. A Form 8453 must be submitted to the IRS after acceptance of an *e-filed* return when

- A. an agent possessing a Form 2848 electronically signs the return
- B. the taxpayer's signatures are inconsistent
- C. the charitable deductions claimed on the return exceed \$50.00
- D. the agent provides the taxpayer with a copy of the tax return

13. The declaration of representative accompanying a power of attorney must be signed under penalties of perjury with the representative declaring that

- A. the taxpayer is aware of the Circular 230 regulations.
- B. the representative has never been under suspension or disbarment from practice before the Internal Revenue Service.
- C. the representative is authorized to represent the taxpayer identified in the power of attorney for the matters specified therein.
- D. the taxpayer is unable to represent himself or herself.

14. A taxpayer paid mortgage interest of \$15,827 on another person's home in which the taxpayer had no ownership interest. How much of the interest may the taxpayer deduct?

- A. \$0
- B. \$5,000
- C. \$10,000
- D. \$15,827

15. In the current year, the taxpayer paid \$5,000 in mortgage interest on a primary residence, \$1,500 mortgage interest on a vacation home, and \$2,000 in loan interest on a recreational vehicle with sleeping, cooking, and toilet facilities. What is the taxpayer's maximum mortgage interest deduction?

- A. \$5,000
- B. \$6,500
- C. \$7,000
- D. \$8,500

## Answer Key

Question	Answer	Reference
1	D	Publication 17 page 241
2	B	Publication 17 page 142
3	C	Publication 17 page 90
4	B	Publication 17 page 130
5	D	Publications 17 page 6
6	A	1040 Instructions page 28
7	B	Publication 17 chapter 6 pages 54-55 Publication 531 Publication 3148 Rev. Rul. 2012-18 Form 4137 instructions
8	B	Publication 17 page 23
9	A	Publication 17 page 44
10	C	Publication 1345 page 32
11	D	Publication 1345 page 32
12	A	Publication 1345 page 28
13	C	Form 2848
14	A	Publication 17 page 154
15	C	Publication 17 page 107 (mobile home) Publication 17 pages 153-154