6. Question ID: 94851111 (Topic: Practice Before the IRS)
Which of the following practitioners have unlimited practice rights before the IRS and the U.S. Tax Court?

A. CPAs and attorneys.
B. Enrolled agents.
C. Attorneys only
D. CPAs, enrolled agents, and attorneys
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 48% of students.

Correct Answer Explanation for C:

EAs have unlimited practice rights before the IRS, which means they can represent clients for any tax matter before the Internal Revenue Service. CPAs and Attorneys also have unlimited practice rights before the IRS. However, the U.S. Tax Court has different rules of practice. Only attorneys may practice before the U.S. Tax Court simply by virtue of their licensing.

12. Question ID: 94851359 (Topic: Practice Before the IRS)
Brandt is a disbarred attorney. He lost his license to practice because of a fraud conviction. Which of the following types of representation would NOT be allowed, while Brandt is disbarred?

A. Brandt may represent himself before the IRS
B. Brandt may represent his own child before the IRS.
C. Brandt may represent his cousin before IRS Appeals with Form 2848
D. Brandt may represent his late mother's estate, because he has been named executor by the courts.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 84% of students.

Correct Answer Explanation for C:

Brandt cannot represent his cousin before the IRS, even with a signed Form 2848. Brandt may still represent himself before the IRS with respect to any matter, or an immediate family member (such as a minor child or a parent). He can also act as a fiduciary for his mother's estate. He can represent his child under the rules for limited practice, because his child is an immediate family member. But he cannot represent his cousin, because a cousin is not an "immediate family member."

See the OPR's detailed Guidance on Restrictions During Suspension or Disbarment.

1. Question ID: 94850962 (Topic: Practice Before the IRS)
Which of the following sanctions would NOT bar an enrolled practitioner from practicing before the IRS?

A. Censure
B. Suspension.
C. Disbarment.
D. None of the above.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 67% of students.

Correct Answer Explanation for A:

A censure is a public reprimand. Censure does not make the tax return preparer ineligible to represent clients. To see the sanctions that are authorized by Circular 230, see the IRS FAQ for preparer sanctions.

2. Question ID: 94851112 (Topic: Practice Before the IRS)
Which of the following actions does NOT constitute "Practice before the IRS"?

A. Appearing as a witness for the taxpayer
B. Rendering oral and written advice with respect to an entity.
C. Representing a client at conferences, hearings and meetings.
D. Corresponding and communicating with the IRS.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 78% of students.

Correct Answer Explanation for A:

“Practice before the IRS” comprehends all matters connected with a presentation to the IRS, or any of its officers or employees, relating to a taxpayer’s rights, privileges, or liabilities under laws or regulations administered by the IRS. Such presentations include, but are not limited to, preparing documents; filing documents; corresponding and communicating with the IRS; rendering oral and written advice with respect to any entity, transaction, plan or arrangement, or other plan or arrangement having a potential for tax avoidance or evasion; and representing a client at conferences, hearings and meetings. Simply furnishing information at the request of the IRS or appearing as a witness for the taxpayer is not practice before the IRS.

3. Question ID: 94851078 (Topic: Practice Before the IRS)
With regards to practice before the IRS, which of the following actions would be "representation" of a taxpayer?

A. Responding to IRS notices and inquiries for a taxpayer
B. Preparation of a tax return.
C. Bookkeeping.
D. Preparation of payroll returns for an employer.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 93% of students.

Correct Answer Explanation for A:

With regards to practice before the IRS, "representation" would include responding to IRS notices and inquiries. Preparers do not practice before the IRS when they simply assist in the preparation of someone else's tax return or prepare payroll tax returns or do bookkeeping.

4. Question ID: 94851409 (Topic: Practice Before the IRS)
Of the following statements below, which one is not considered practice before the Internal Revenue Service?

A. Preparing and filing necessary documents at the request of the Internal Revenue Service for a taxpayer and discussing issues.
B. Preparing a client's tax return at the request of the Internal Revenue Service
C. Communicating with the Internal Revenue Service for a taxpayer regarding the taxpayer’s rights, privileges, or liabilities under laws and regulations administered by the Internal Revenue Service.
D. Representing a taxpayer at conferences, hearings, or meetings with the Internal Revenue Service.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 76% of students.

Correct Answer Explanation for B:

Preparing a client's tax return at the request of the Internal Revenue Service would not be considered "Practice before the IRS". (This question is based on a released EA exam question).

5. Question ID: 94851071 (Topic: Practice Before the IRS)
Which of the following practitioners have unlimited representation rights before the IRS in all 50 states?

A. Enrolled agents
B. Enrolled retirement plan agents.
C. Enrolled actuaries.
D. Unenrolled tax preparers.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 96% of students.

Correct Answer Explanation for A:

An enrolled agent is an individual who has earned the privilege of representing taxpayers before the Internal Revenue Service. Enrolled agents, like attorneys and certified public accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can represent clients before. Enrolled actuaries and enrolled retirement plan agents are limited to the types of tax matters they can handle for clients. Unenrolled tax preparers have limited practice rights before the IRS and can represent taxpayers only during an IRS examination of the taxable year or period covered by the tax return or claim of refund they prepared and signed.

7. Question ID: 94851119 (Topic: Practice Before the IRS)
An enrolled agent is eligible to practice before:

A. All levels of the IRS and the U.S. Tax Court.
B. All levels of the IRS; the U.S. Tax Court; U.S. district courts; and the Court of Federal Claims.
C. All levels of the IRS; the U.S. Tax Court; and U.S. district courts.
D. All levels of the IRS
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 85% of students.

Correct Answer Explanation for D:

An enrolled agent can represent taxpayers before all levels of the IRS in all 50 states. Enrolled agents, like attorneys and certified public accountants (CPAs), are unrestricted as to which taxpayers they can represent, what types of tax matters they can handle, and which IRS offices they can represent clients before. However, enrolled agents do not have practice rights before the U.S. Tax Court or any other U.S. court.

8. Question ID: 94851118 (Topic: Practice Before the IRS)
"Practice before the IRS" includes which of the following acts?

A. Appearing as a witness for a taxpayer.
B. The filing of tax returns.
C. Representation of taxpayers before the U.S. Tax Court.
D. Representing a taxpayer before IRS appeals
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 84% of students.

Correct Answer Explanation for D:

Rendering written tax advice is considered “practice before the IRS”. Practice before the IRS does not include: merely filing a tax return, appearing as a witness for a taxpayer, or representation of taxpayers before the U.S. Tax Court. The Tax Court has its own rules of practice and its own rules regarding admission to practice.

9. Question ID: 94851354 (Topic: Practice Before the IRS)
Which of the following disciplined practitioners may represent clients before the IRS?

A. Grady, a practitioner who has been disbarred.
B. Angela, a practitioner who has been publicly censured by OPR
C. Donald, a practitioner who has been suspended from practice for two years.
D. None of these individuals may practice before the IRS in any capacity.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 56% of students.

Correct Answer Explanation for B:

A practitioner who has been suspended or disbarred may not represent clients before the IRS. A censure is a public reprimand. It does not prohibit the practitioner from representing clients before the IRS.

10. Question ID: 94851251 (Topic: Practice Before the IRS)
Which of the following actions does NOT constitute "Practice Before the IRS"?

A. Communicating with the IRS for a taxpayer regarding the taxpayer's rights.
B. Representing a taxpayer at a hearing.
C. Signing a closing agreement regarding a tax liability.
D. Furnishing information at the request of an IRS employee
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 56% of students.

Correct Answer Explanation for D:

“Practice before the IRS” includes all matters connected with a presentation to the IRS, or any of its officers or employees, relating to a taxpayer's rights, privileges, or liabilities under laws or regulations administered by the IRS. However, merely preparing a tax return, furnishing information at the request of the IRS, or appearing as a witness for the taxpayer is not practice before the IRS. These acts can be performed by anyone.

11. Question ID: 94851084 (Topic: Practice Before the IRS)
An enrolled agent may represent clients in all but one of the following:

A. In the U.S. Tax Court
B. IRS examinations.
C. IRS appeals division.
D. IRS Collections.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 87% of students.

Correct Answer Explanation for A:

An enrolled agent has unrestricted practice rights before all levels and all offices of the IRS. An enrolled agent is not eligible to practice before a U.S. district court judge or other judges in the U.S. court system. Only a licensed attorney has automatic practice rights before the U.S. courts, including the U.S. Tax Court.

1. Question ID: 94851103 (Topic: Enrolled Practitioners)
In order to practice before the IRS, attorneys and CPAs that are licensed to practice in a particular state must:

A. Be in good standing in that state and may practice before the IRS only in that state
B. Take the EA exam in order to practice outside the state in which they are licensed.
C. Be in good standing in that state and may practice before the IRS in any state

D. None of the above.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 66% of students.

Correct Answer Explanation for C:

Any attorney or CPA who is not currently under suspension or disbarment from practice before the IRS and who is licensed in good standing in any state, possession, territory, commonwealth, or the District of Columbia may practice before the IRS in any state. The IRS licenses enrolled agents to practice in any state. Certain states (including California, Oregon, New York, and Maryland) have additional licensing and/or continuing education requirements that may affect EAs or other tax professionals.

2. Question ID: 7585019489 (Topic: Enrolled Practitioners)
What distinguishes an Enrolled Agent (EA) from other tax professionals?

A. Enrolled Agents have unlimited rights to represent taxpayers before the IRS
B. Enrolled Agents only have limited practice rights to represent taxpayers before the IRS.
C. Enrolled Agents have unlimited rights to represent taxpayers before the U.S. Tax Court.
D. Enrolled Agents can only practice in their state of residence.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 95% of students.

Correct Answer Explanation for A:

Enrolled Agents (EAs) have unlimited rights to represent any taxpayer on any tax matter before the IRS, similar to attorneys and CPAs.

The only "enrolled practitioners" who have unlimited practice rights before the IRS are:

Attorneys: Must be in good standing with the bar of any state, possession, territory, commonwealth, or the District of Columbia.

Certified Public Accountants (CPAs): Must be duly qualified to practice as a CPA in any state, possession, territory, commonwealth, or the District of Columbia.
Enrolled Agents (EAs): Must have active status as an enrolled agent.
These practitioners can represent any taxpayer on any tax matter before the IRS.

3. Question ID: 94851320 (Topic: Enrolled Practitioners)
What is the primary function of the Office of Professional Responsibility?

A. OPR oversees employment standards with regard to employee misclassification cases.
B. OPR oversees practitioner misconduct with regard to criminal tax evasion.
C. OPR oversees tax practice standards and proposes discipline
D. OPR oversees continuing education programs and the PTIN program.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 76% of students.

Correct Answer Explanation for C:

OPR primarily oversees tax practice standards and proposes discipline. The OPR also focuses on educating tax professionals and enhancing their knowledge of relevant Circular 230 provisions, as well as educating IRS employees about the attributes of an actionable referral to the OPR. (Answer based on the Office of Professional Responsibility's Annual Report).

To read more about OPR and its mission, see The Office of Professional Responsibility (OPR) At-a-Glance.

4. Question ID: 7585019487 (Topic: Enrolled Practitioners)
What is a requirement for an attorney to practice before the IRS?

A. Must be a member in good standing of the bar of any state, possession, territory, commonwealth, or the District of Columbia
B. Must have an enrolled agent license, in addition to a law degree.
C. Must have a valid U.S. passport.
D. Must have a special IRS certification to practice before the U.S. Tax Court.

Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 88% of students.

Correct Answer Explanation for A:

Attorneys must be in good standing with the bar of their respective jurisdictions to practice before the IRS. This means that the attorney must be a member in good standing of the bar of any state, possession, territory, commonwealth, or the District of Columbia.

5. Question ID: 7585019488 (Topic: Enrolled Practitioners)
Which of the following practitioners is authorized to represent taxpayers before the IRS, but only has limited practice rights?

A. Enrolled Agent
B. Attorney
C. Certified Public Accountant
D. Enrolled Retirement Plan Agentcorrect
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 88% of students.

Correct Answer Explanation for D:

Enrolled Retirement Plan Agents (ERPA) are considered enrolled practitioners, but ERPAs only have limited practice rights, specifically related to certain sections of the Internal Revenue Code governing employee retirement plans.

The only "enrolled practitioners" who have unlimited practice rights before the IRS are:

Attorneys: Must be in good standing with the bar of any state, possession, territory, commonwealth, or the District of Columbia.
Certified Public Accountants (CPAs): Must be duly qualified to practice as a CPA in any state, possession, territory, commonwealth, or the District of Columbia.
Enrolled Agents (EAs): Must have active status as an enrolled agent.
These practitioners can represent any taxpayer on any tax matter before the IRS.

6. Question ID: 7585019486 (Topic: Enrolled Practitioners)
Which of the following is NOT considered an “enrolled practitioner” by the IRS?

A. Certified Retirement Plannercorrect
B. Attorney
C. Enrolled Agent
D. Certified Public Accountant (CPA)
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 95% of students.

Correct Answer Explanation for A:

Certified Retirement Planners are not classified as "enrolled practitioners," as defined by the IRS.

The only "enrolled practitioners" who have unlimited practice rights before the IRS are:

Attorneys: Must be in good standing with the bar of any state, possession, territory, commonwealth, or the District of Columbia.
Certified Public Accountants (CPAs): Must be duly qualified to practice as a CPA in any state, possession, territory, commonwealth, or the District of Columbia.
Enrolled Agents (EAs): Must have active status as an enrolled agent.
These practitioners can represent any taxpayer on any tax matter before the IRS.

7. Question ID: 7585019490 (Topic: Enrolled Practitioners)
Which of the following practitioners can represent taxpayers before the IRS without any limitations on the type of tax matters or taxpayers they can represent?

A. Certified Financial Planners
B. Certified Public Accountant (CPA)correct
C. Enrolled Actuaries
D. Enrolled Retirement Plan Agent (ERPA)
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 93% of students.

Correct Answer Explanation for B:

Certified Public Accountants (CPAs) along with attorneys and Enrolled Agents (EAs), have unlimited practice rights to represent taxpayers before the IRS. This means they can represent any taxpayer on any tax matter. The other practitioners listed may qualify to practice before the IRS temporarily or in a limited capacity, but they do not have unlimited practice rights before the IRS.

7. Question ID: 94851143 (Topic: AFSPs and Other Unenrolled Preparers)
Declan is a tax preparer. He does not hold any formal licensing or have an AFSP certificate. The IRS is auditing his client's business returns. Declan prepared all the returns, and his client wants Declan to represent him during the audit. What can Declan do in order to represent his client?

A. Declan may represent his client before the IRS, as long as his client gives informed consent in writing
B. Declan may represent his client before the IRS, as long as his client signs a power of attorney.
C. Declan may represent his client before the IRS, as long as his client is present during the examination.
D. Declan may not represent his client before the IRS
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 77% of students.

Correct Answer Explanation for D:

Declan may not represent his client. Even though Declan prepared all the tax returns under examination, he does not have an AFSP certificate, or any other type of licensing, (EA, CPA or attorney) so he may not represent his client before the IRS. Declan must refer his client to an enrolled practitioner if the client wishes to be represented.

11. Question ID: 94851036 (Topic: AFSPs and Other Unenrolled Preparers)
Danika is an unenrolled preparer who would like to have some sort of certification, but she doesn't think she's ready to take the enrolled agent exam yet. She hears about the Annual Filing Season Program, and decides to participate. What are the requirements for her to obtain an AFSP Record of Completion?

A. Danika must obtain 18 hours of continuing education from an IRS-approved CE Provider and pass a knowledge-based exam
B. Danika must obtain 6 hours of continuing education from an IRS-approved CE Provider and pass a knowledge-based exam.
C. Danika must obtain 18 hours of continuing education from an IRS-approved CE Provider. She does not have to take an exam
D. Danika must obtain 16 hours of continuing education from an IRS-approved CE Provider. She does not have to take an exam.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 74% of students.

Correct Answer Explanation for A:

Danika must obtain 18 hours of continuing education from an IRS-approved CE Provider and pass a knowledge-based exam. To obtain an AFSP Record of Completion, a preparer must obtain 18 hours of continuing education from an IRS-approved CE Provider. The hours must include a 6 credit hour Annual Federal Tax Refresher course (AFTR) that covers filing season issues and tax law updates. The AFTR course must include a knowledge-based comprehension test administered at the conclusion of the course by the CE Provider.

To see more information about the AFSP program, see the official IRS page for Frequently Asked Questions: Annual Filing Season Program.

1. Question ID: 7585019492 (Topic: AFSPs and Other Unenrolled Preparers)
Jerry is a tax preparer who participates in the IRS AFSP program. Which of the following actions is outside the scope of authority for Jerry, under the IRS rules for limited practice?

A. Jerry can prepare income tax returns for compensation.
B. Jerry can represent clients before IRS examination, but only for those returns he prepared and signed.
C. Jerry can represent his clients before the IRS Office of Appeals
D. Jerry can prepare payroll tax returns and do bookkeeping for business clients.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 71% of students.

Correct Answer Explanation for C:

Jerry CANNOT represent his clients before the IRS Office of Appeals. AFSP participants can represent clients whose returns they themselves prepared and signed, but only before certain IRS employees. They cannot represent taxpayers before IRS Appeals or IRS Collections.

2. Question ID: 94851315 (Topic: AFSPs and Other Unenrolled Preparers)
Iryna passed the Registered Tax Return Preparer (RTRP) when it was still being offered by the IRS. What special exemption does she have because of this?

A. Iryna is exempt and able to obtain the AFSP (Record of Completion) without taking the Annual Federal Tax Refresher course
B. Iryna does not have any special exemption because she passed the RTRP exam, since the exam and the designation is no longer recognized.
C. Iryna has a special exemption and does not have to take Part 1 of the EA exam if she wishes to become an enrolled agent.
D. Iryna is exempt and able to obtain the AFSP (Record of Completion) without taking the Annual Federal Tax Refresher course or any ongoing CPE.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 46% of students.

Correct Answer Explanation for A:

Iryna is exempt and able to obtain the AFSP (Record of Completion) without taking the Annual Federal Tax Refresher course. This means that she may participate in the Annual

Filing Season Certificate program automatically as an exempt preparer. Those who passed the Registered Tax Return Preparer test and certain other recognized national and state tests (such as CTEC preparers in California) are exempt from the six-hour federal tax law refresher course with test. They still need 15 hours of continuing education each year to obtain an Annual Filing Season Program Record of Completion.

To see more information about the AFSP program, see the official IRS page for Frequently Asked Questions: Annual Filing Season Program.

3. Question ID: 94851368 (Topic: AFSPs and Other Unenrolled Preparers)
Hasan is an unenrolled preparer, but he would like to obtain an AFSP certificate this year. Regarding the Annual Filing Season Program, what is the deadline for him to take a qualifying course, in order to obtain his certificate for the next filing season?

A. Hasan must complete and pass the AFTR course and obtain his required CE by December 31 prior to the start of the tax season
B. Hasan must complete and pass the AFTR course and obtain their CE anytime after April 15 of the tax season.
C. Hasan must complete and pass the AFTR course and obtain their CE by October 31 prior to the start of the tax season.
D. Hasan must complete and pass the AFTR course and obtain their CE anytime during the tax season, but before April 15, the filing deadline.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 67% of students.

Correct Answer Explanation for A:

Hasan must complete and pass the AFTR course and obtain his required CE by December 31, prior to the start of the tax season. After PTIN renewal season begins in October, a Record of Completion will be generated to Hasan, if he has met all the requirements for the program, including renewal of his PTIN for the upcoming year, and consent to the Circular 230 obligations. Learn more about the AFSP program requirements.

4. Question ID: 94851411 (Topic: AFSPs and Other Unenrolled Preparers)

With regards to the Annual Filing Season Program, how often are non-exempt participants required to take the Annual Federal Tax Refresher test?

A. Every four years.
B. Every three years.
C. Annually
D. Every two years.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 87% of students.

Correct Answer Explanation for C:

With regards to the Annual Filing Season Program, non-exempt participants are required to take the Annual Federal Tax Refresher test every year.

Learn more about the AFSP program requirements.

5. Question ID: 94851405 (Topic: AFSPs and Other Unenrolled Preparers)
Which of the following is not a requirement of the Annual Filing Season Program?

A. Eighteen hours of specific types of continuing education from IRS-approved providers.
B. The preparer must be a U.S. citizen or U.S. resident
C. Consent to Circular 230.
D. Active PTIN.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 67% of students.

Correct Answer Explanation for B:

The Annual Filing Season Program requirements are as follows:

Active PTIN

Eighteen (or 15) hours of specific types of continuing education from IRS-approved providers
Consent to Circular 230 subpart B and section 10.51
Tax compliance
AFSP participants are not required to be U.S. citizens or residents. Foreign preparers are welcome to participate in the program as well, as long as they have a valid PTIN. Learn more about the AFSP program requirements.

6. Question ID: 94851395 (Topic: AFSPs and Other Unenrolled Preparers)
The IRS currently offers two types of voluntary return preparer designations/licensing. What are they?

A. The Enrolled Agent credential and the Registered Tax Return Preparer.
B. The Enrolled Agent credential and the Annual Filing Season Program
C. Registered Tax Return Preparer and the Annual Filing Season Program.
D. The Enrolled Agent credential and Certified Acceptance Agent program.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 59% of students.

Correct Answer Explanation for B:

The IRS currently offers two types of voluntary return preparer designations/licensing. Both are voluntary programs:

Enrolled Agent Credential: An elite tax professional status with unlimited practice rights.
Annual Filing Season Program: Promotes filing season readiness and federal tax law knowledge through continuing education.
See the IRS page that explains Tax Return Preparer Credentials and Qualifications.

8. Question ID: 94851250 (Topic: AFSPs and Other Unenrolled Preparers)
Melanie is a tax preparer who has an AFSP certificate. How often must she renew her certificate?

A. Every yearcorrect
B. Never

C. Every five years
D. Every three years
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 85% of students.

Correct Answer Explanation for A:

An AFSP certificate must be renewed annually. The Annual Filing Season Program is a voluntary program.

9. Question ID: 94851340 (Topic: AFSPs and Other Unenrolled Preparers)
Tereza is an unenrolled tax return preparer with an AFSP certificate. She has a new client named Jasper who received an IRS notice stating that his 2024 tax return is under examination. Jasper was not Tereza's client in the past, and she did not prepare the return. Can Tereza represent Jasper in the audit, even though she did not prepare the return?

A. Yes, if Jasper signs a notarized statement saying he wants to designate her as his representative.
B. Yes, but Jasper must be present at all IRS hearings. Tereza cannot attend on his behalf.
C. No, she cannot represent him
D. Yes, if she files a signed Form 2848, with Jasper designating her as his representative.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 77% of students.

Correct Answer Explanation for C:

The practice rights of unenrolled tax return preparers are limited. An unenrolled preparer may be authorized to represent a taxpayer by filing Form 2848, but only if she prepared the tax return at issue. Since Tereza did not prepare Jasper's tax return that is being audited, and she is not an EA, CPA or attorney, she is not allowed to represent him before the IRS during the examination of his return.

10. Question ID: 94851367 (Topic: AFSPs and Other Unenrolled Preparers)
With regards to the Annual Filing Season Program, which of the following preparers are exempt from the annual AFTR course?

A. Unenrolled preparers who live and work overseas.
B. Tax preparers who are currently enrolled in a college-level accounting program.
C. Certified Financial Planners
D. Tax preparers who volunteer for VITA/TCEcorrect
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 71% of students.

Correct Answer Explanation for D:

Some unenrolled preparers are exempt from the AFTR course requirement because of their completion of other recognized state or national competency tests. These preparers are exempt from the annual refresher course:

Anyone who passed the Registered Tax Return Preparer test
Return preparers who are active registrants of the Oregon Board of Tax Practitioners, California Tax Education Council, and/or Maryland State Board of Individual Tax Preparers.
SEE Part I Test-Passers: Tax practitioners who have passed the Special Enrollment Exam Part I within the past two years.
VITA/TCE volunteers: Quality reviewers, instructors, and return preparers with active PTINs.
Other accredited tax-focused credential-holders: The Accreditation Council for Accountancy and Taxation's Accredited Business Accountant/Advisor (ABA) and Accredited Tax Preparer (ATP) programs.

12. Question ID: 94851034 (Topic: AFSPs and Other Unenrolled Preparers)
The Annual Filing Season Program (AFSP) is a _______________.

A. Mandatory program.
B. Voluntary program
C. Illegal program.
D. Volunteer program, like VITA.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 75% of students.

Correct Answer Explanation for B:

The Annual Filing Season Program is a voluntary program (not a volunteer program, like VITA, in which the preparers are all volunteers and do not get paid). Annual Filing Season Program participants will have limited representation rights, meaning they can represent clients whose returns they prepared and signed, but only before revenue agents, customer service representatives, and similar IRS employees, including the Taxpayer Advocate Service. To see more information about the AFSP program, see the official IRS page for Frequently Asked Questions: Annual Filing Season Program.

13. Question ID: 94851069 (Topic: AFSPs and Other Unenrolled Preparers)
John's tax return was selected for IRS audit. John represented himself during the audit, but was unhappy with the audit results because the examiner disallowed a large charitable deduction that he believes should be allowed. John filed an appeal of the IRS examination and then hired Brandy, who is a return preparer with an AFSP certificate, but no other licensing. Which of the following is correct?

A. Brandy may represent the client before IRS Appeals as long as John signs a Form 2848.
B. Brandy may represent John before IRS Appeals with his oral consent and a signed Form 8821.
C. Brandy may not represent John before IRS Appeals, and she may not advocate for John
D. Brandy may represent John before IRS Appeals as long as John signs Form 8821, giving her permission to represent him.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 74% of students.

Correct Answer Explanation for C:

Brandy is an unenrolled return preparer, so even though she has an AFSP certificate, she may not represent John before IRS Appeals. This is true whether John signs a power of attorney (Form 2848) or a Form 8821. Her licensing is insufficient to do so. Only enrolled agents, CPAs, Enrolled Retirement Plan Agents, or licensed attorneys can represent a taxpayer before IRS appeals.

14. Question ID: 94851279 (Topic: AFSPs and Other Unenrolled Preparers)
The following credentialed tax professionals have unlimited representation rights before the IRS EXCEPT:

A. Certified Public Accountants.
B. Lawyers.
C. AFSP Certificate holders
D. Enrolled agents.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 92% of students.

Correct Answer Explanation for C:

Enrolled agents, certified public accountants, and attorneys have unlimited representation rights before the IRS. Tax professionals with these credentials may represent their clients on any matters including audits, payment issues, collection issues, and appeals. AFSP certificate holders only have limited representation rights.

15. Question ID: 94851343 (Topic: AFSPs and Other Unenrolled Preparers)
Is there a fee to obtain an Annual Filing Season Program (AFSP) certificate from the IRS?

A. The IRS charges a monthly fee for participating in the AFSP program.
B. The IRS does not charge any fee for participating in the AFSP program
C. There is a one-time fee to participate in the AFSP program.
D. There is an annual fee to participate in the AFSP program.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 50% of students.

Correct Answer Explanation for B:

To obtain an Annual Filing Season Program Record of Completion a return preparer must obtain 18 hours of continuing education from an IRS-approved CE Provider. Just as for all CE courses, each IRS-approved CE provider will determine the course participant fee. However, the IRS does not charge any fee for participating in the AFSP program.

To see more information about the AFSP program, see the official IRS page for Frequently Asked Questions: Annual Filing Season Program.

6. Question ID: 7585019494 (Topic: Rules for Limited Practice)
Under what circumstances can the Commissioner of the IRS authorize a person who is not otherwise eligible to practice before the IRS to represent another person?

A. In rare circumstances, through a special appearance authorization
B. Never, the Commissioner of the IRS cannot authorize a person who is not otherwise eligible
C. When the person is a family member
D. When the person is a fiduciary.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 42% of students.

Correct Answer Explanation for A:

In rare circumstances, the Commissioner of the IRS can authorize a person who is not otherwise eligible to practice before the IRS (in limited practice) to represent another person for a particular matter through a special appearance authorization.

The request is made to the Office of Professional Responsibility (OPR). If granted, the written consent will detail the specific circumstances related to the appearance.

1. Question ID: 94851080 (Topic: Rules for Limited Practice)
A fiduciary is treated by the IRS as _________.

A. Limited partner.
B. The taxpayer themselves
C. Spouse or significant other.
D. An attorney.

Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 82% of students.

Correct Answer Explanation for B:

A fiduciary is treated by the IRS as if he or she is actually the taxpayer themselves. A fiduciary automatically has both the right and the responsibility to undertake all actions the taxpayer is required to perform. For example, the fiduciary must file returns and pay any taxes due on behalf of the taxpayer. See the Instructions for Form 56 for more information.

2. Question ID: 7585019493 (Topic: Rules for Limited Practice)
Larry is a disbarred CPA who lost his license to practice after he was convicted of a felony. In which of the following situations can Larry still represent a taxpayer before the IRS due to a special relationship, even though he is disbarred?

A. Larry wishes to represent his girlfriend before the IRS. He prepared the tax return for her.
B. Larry is a 10% shareholder of a corporation. The corporation wants Larry to represent the entity before the IRS on a payroll matter.
C. Larry is named as the fiduciary of his deceased mother's estate, and he is appointed by the probate courtcorrect
D. Larry is the beneficiary of a trust. The trust wants Larry to respond to an IRS Collections issue.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 90% of students.

Correct Answer Explanation for C:

Larry may act as a fiduciary of his late mother's estate, if he is appointed by a court. This is true even if he is disbarred. Larry cannot represent his girlfriend before the IRS, because a girlfriend is not a family member. Larry cannot represent the corporation before the IRS, because he is only a shareholder (not a corporate officer). Larry cannot represent the trust, because he is a beneficiary of the trust (not a trustee, or the administrator of the trust).

Note: Disbarred professionals may act on behalf of close family members (such as a minor child) or serve as fiduciaries for an estate or trust if they have been appointed by a court.

3. Question ID: 94851072 (Topic: Rules for Limited Practice)
Which of the following is not automatically allowed to represent a taxpayer before the IRS due to a special relationship with that taxpayer?

A. A regular full-time employee representing his employer.
B. An uncle representing his niece
C. An officer of a corporation representing the corporation.
D. A general partner representing the partnership.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 76% of students.

Correct Answer Explanation for B:

In certain instances, due to a special relationship with a taxpayer, an unenrolled individual can represent the taxpayer before the IRS without having prepared the tax return in question. He must provide satisfactory identification and documented authority (e.g., Form 2848) to represent the taxpayer. An individual can represent a member of his immediate family, which generally means a spouse, child, parent, brother, or sister of the individual. In other cases, the determination of whether an individual is a member of a taxpayer’s immediate family can be complex and is not automatic. The Office of Associate Chief Counsel (General Legal Services) or the Office of Associate Chief Counsel (Procedure and Administration) must generally be consulted to make the determination.

4. Question ID: 94851116 (Topic: Rules for Limited Practice)
Which of the following individuals is not allowed to practice before the IRS?

A. An enrolled agent who has been placed on inactive status
B. A nonresident alien that is an enrolled agent.
C. A U.S. resident alien who is also an enrolled agent.

D. An enrolled agent who has been censured by the IRS.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 86% of students.

Correct Answer Explanation for A:

In order to practice before the IRS, an individual does not have to be a U.S. citizen. Being censured does not prohibit a practitioner from practicing before the IRS. However, an enrolled agent who has been placed on inactive status is no longer eligible to practice before the IRS. Preparers can lose their eligibility to practice before the IRS for the following reasons, among others:

Failure to meet the yearly continuing education requirements for enrollment.
Failure to renew a PTIN or pay required fees.
Requesting to be placed on inactive/retirement status.
Being disciplined by state regulatory agents. An attorney who has been disbarred from practice at the state level or a CPA whose license has been revoked or suspended at the state level is disbarred from practice at the federal level, and cannot practice before the IRS as long as his disbarment, revocation, or suspension is active.
Being suspended or disbarred by the IRS's Office of Professional Responsibility.

5. Question ID: 94851106 (Topic: Rules for Limited Practice)
Angelo is an enrolled agent who is currently under suspension. His suspension is only temporary, and his license will be reinstated after two years. He prepared a tax return for Laura in a prior year and that return is now being audited. Laura would like Angelo to represent her in the IRS examination. Which of the following statements is correct?

A. The IRS will allow Angelo to represent Laura because he was not suspended during the time he prepared the tax return that is being audited.
B. The IRS will only allow Angelo to represent Laura if they each sign a Form 2848.
C. The IRS will allow Angelo to represent Laura because a temporary suspension does not limit practice rights.
D. The IRS will not allow Angelo to represent Laura
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 80% of students.

Correct Answer Explanation for D:

Because he is under suspension, Angelo is not allowed to practice before the IRS. The IRS will not recognize a power of attorney for a preparer who has been suspended or disbarred from practice.

7. Question ID: 7585019491 (Topic: Rules for Limited Practice)
Who among the following has limited practice rights before the IRS?

A. Certified Public Accountant
B. Unenrolled preparers who participate in the Annual Filing Season Program (AFSP)correct
C. Enrolled Agent
D. Attorney
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 98% of students.

Correct Answer Explanation for B:

Only unenrolled preparers who participate in the IRS's Annual Filing Season Program (AFSP) have some, limited practice rights before the IRS. They can represent clients whose returns they themselves prepared and signed, but only before certain IRS employees. They cannot represent taxpayers before IRS Appeals or IRS Collections.

Conversely, CPAs, attorneys, and Enrolled Agents (EAs), have unlimited rights to represent taxpayers before the IRS. This means they can represent any taxpayer before the IRS on any tax matter.

1. Question ID: 94851030 (Topic: Tax Return Preparers)
Under Circular 230, a "tax return" is defined as:

A. An original return and a claim for refund.
B. An original return only
C. An original return, an amended return, or an information return.
D. An original return, a claim for refund, or an amended return
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 42% of students.

Correct Answer Explanation for D:

Under Circular 230, a "tax return" includes an original return, a claim for refund, or an amended return. The definition of a tax return "includes an amended return and a claim for refund". An "information return" is not a tax return. Information returns include Form W-2, 1099 forms, and other types of informational statements that are submitted to the IRS. These are not tax returns.

2. Question ID: 94850970 (Topic: Tax Return Preparers)
Janice, Gary, and Timothy are all tax preparers who plan to go into business together and share an office. Can they share a single PTIN?

A. Yes, they can share a PTIN, but only if they agree in writing and sign a binding contract.
B. No, they cannot share a PTIN
C. Yes, they can share a PTIN, but only at the same office location.
D. Yes, they can share a PTIN, but one must be listed as the primary contact on the PTIN application.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 96% of students.

Correct Answer Explanation for B:

They cannot share a PTIN. A PTIN is an individual preparer's number, so each preparer must obtain his own PTIN. For more information about PTIN requirements, see the IRS PTIN FAQ page.

3. Question ID: 94851062 (Topic: Tax Return Preparers)
Vihaan is exploring the possibility of opening a new business. He consults with his friend, Miriam, an attorney who does not prepare federal tax returns. Miriam gives Vihaan tax advice to keep in mind as he investigates his business options. Is Miriam (the attorney) required to obtain a PTIN?

A. Yes, because attorneys are covered under the PTIN mandate.
B. Yes, but only because she is offering tax advice to Vihaan. Otherwise, she would not be required to obtain a PTIN.
C. No
D. Obtaining a PTIN is optional for all attorneys.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 83% of students.

Correct Answer Explanation for C:

There are a number of exceptions to the requirement that paid tax preparers must obtain a PTIN. Individuals in the following instances do not need a PTIN:

A person who gives an opinion about events that have not happened (such as tax advice for a business that has not been created).
A person who furnishes typing, copying, or mechanical assistance.
A person who prepares a return of his employer (or of an officer or employee of the employer) by whom the person is regularly and continuously employed.
A fiduciary who prepares a tax return for a trust or estate.
An unpaid volunteer who provides tax assistance under Volunteer Income Tax Assistance (VITA) or Tax Counseling for the Elderly (TCE) programs.
An employee of the IRS who performs official duties by preparing a tax return for a taxpayer who requests it.

4. Question ID: 94851082 (Topic: Tax Return Preparers)
How often is a tax preparer required to renew his or her PTIN?

A. Annually
B. Every three years.
C. No renewal is required once a preparer has been assigned a PTIN.
D. Every two years.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 86% of students.

Correct Answer Explanation for A:

All paid tax preparers are required to pay a fee and renew their PTINs online each year. All PTINs that are not renewed expire automatically on December 31. Learn more about PTIN Requirements for Tax Return Preparers.

5. Question ID: 94851041 (Topic: Tax Return Preparers)
Is a social security number required to obtain a PTIN (choose the best answer)?

A. A social security number or an EIN is sufficient.
B. There is no requirement for tax preparers to provide a Social Security Number or any type of identifying number to obtain a PTIN.
C. A social security number is usually required to obtain a PTIN, unless the preparer is a foreign person with a permanent non-U.S. address, and can provide documentation to support that status

D. Yes, a social security number is required to obtain a PTIN.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 64% of students.

Correct Answer Explanation for C:

A social security number is usually required to obtain a PTIN, unless the preparer is a foreign person with a permanent non-U.S. address, and can provide documentation to support that status.

Note: A foreign preparer who does not have a social security number and is neither a citizen of the U.S. nor a resident alien of the U.S. will need to complete the Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Form 8946, PTIN Supplemental Application For Foreign Persons Without a Social Security Number. Only preparers that have a foreign (non-U.S.) address may file this form.

6. Question ID: 94851060 (Topic: Tax Return Preparers)
Sheela is an EA who owns a tax practice franchise with locations in 3 different cities. Sheela provides education and also supervises several tax preparers in each location. Which of the following statements is correct?

A. Sheela will need her own PTIN, as will each of the tax preparers who work in her firm, regardless of where they are located
B. Each of Sheela's tax practices will need its own PTIN.
C. A single PTIN can be used for all of Sheela's tax practices.
D. Only Sheela needs a PTIN.
Study Unit 2: Practice Before the IRS covers the information for this question.

This question is answered correctly on the first attempt by 80% of students.

Correct Answer Explanation for A:

A preparer tax individual number (PTIN) is required for every individual who prepares tax returns and claims of refund for compensation. PTINs cannot be shared. However, an EFIN (electronic filing identification number) can be used by all the preparers in one