

ENROLLED AGENT PRACTICE EXAMS

Part 3 - Representation



ERRATA SHEET

2025/26
Testing Cycle



SKILLPREP BOOKS

Enrolled Agent Practice Exams PART 3 ERRATA SHEET

This document contains corrections and clarifications for *Enrolled Agent Practice Exams PART 3 2025-2026* by *SkillPrep Books* for editions published **before Nov 10, 2025**.

Some questions have been corrected, while others have been revised to enhance clarity. Please use this information to update the content and ensure you have the most accurate version possible.

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PART 3 - PRACTICE EXAM #1

QUESTION 27

If a taxpayer's application for a Collection Due Process (CDP) hearing is submitted late, which of the following statements is incorrect?

- A. The taxpayer can request an equivalent hearing on or before the end of a 14-month period following the date of the levy notice.
- B. The taxpayer can request an equivalent hearing on or before the end of a 14-month period plus 7 business days after the filing date of the Notice of Federal Tax Lien.
- C. The 10-year collection period the IRS holds will be suspended until the date the Appeals' decision is finalized.
- D. Requesting a CDP levy hearing will not prevent the IRS from filing a Notice of Federal Tax Lien.

Answer: C. The 10-year collection period the IRS holds will be suspended until the date the Appeals' decision is finalized.

- If a taxpayer requests a Collection Due Process (CDP) hearing in a *timely* manner (within 30 days of the notice), the statute of limitations on collection is suspended during the hearing and any appeals. If the request is *untimely*, the taxpayer is entitled to an "equivalent hearing," but the statute of limitations is *not* suspended. Statement C is incorrect. The 10-year collection period (statute of limitations) is only suspended if the Collection Due Process (CDP) hearing is requested *timely* (within 30 days). If the request is late, the taxpayer is granted an "equivalent hearing," but the collection period is not suspended.
- *Topic: Collection Due Process (CDP) Hearings*

QUESTION 30

Which of the following individuals is not authorized to represent a taxpayer before the IRS?

- A. An officer or full-time employee of a corporation acting on behalf of the corporation.
- B. A regular full-time employee of an individual employer acting on behalf of the employer.
- C. A person representing a member of their immediate family.
- D. An unenrolled return preparer.

Answer: D. An unenrolled return preparer

- Circular 230 defines who has "unlimited" practice rights (Attorneys, CPAs, Enrolled Agents) and who has "limited" practice rights. Options A, B, and C (corporate officers, full-time employees, and immediate family members) are all explicitly granted *limited practice rights* to represent their respective entities or family members. Option D, "An unenrolled return preparer," refers to preparers who are not Attorneys, CPAs, or EAs. This category is split into two groups:
 - Annual Filing Season Program (AFSP) participants: Have *limited* rights (can represent clients for returns they signed during an audit).
 - PTIN holders only: Preparers with a PTIN who do not participate in the AFSP. According to the IRS, "PTIN holders... who do not participate in the Annual Filing Season Program... have no authority to represent clients before the IRS". Since an "unenrolled preparer" is the only category that includes individuals with no authorization, it is the correct answer.
- *Topic: Representing Oneself and Limited Practice*

QUESTION 38

Which statement about continuing professional education (CPE) requirements for enrolled agents is false?

- A. The IRS may excuse agents from CPE obligations for a period if there is a valid reason and the request is properly documented.
- B. Agents who become enrolled partway through an enrollment cycle must earn two hours of CPE credit for each month they are enrolled.
- C. An agent must accumulate at least 72 hours of CPE credit if enrolled throughout the entire cycle.
- D. An agent needs to complete at least 24 hours of CPE credit every year if enrolled for the full cycle.

Answer: D. An agent needs to complete at least 24 hours of CPE credit every year if enrolled for the full cycle.

- Statement D is false. Enrolled Agents must complete a minimum of 16 hours of CPE credit each year (including 2 hours of ethics), and a total of 72 hours over the 3-year enrollment cycle. There is no requirement to complete 24 hours every year. Statements A, B, and C are all correct requirements.
- *Topic: Enrolled Agent - CPE Requirements*

QUESTION 46

Terry, who was assessed \$10,000 by the IRS, found documents relating to his 2021 tax return (filed April 15, 2022) he believes prove this assessment wrong. How can he claim a refund in 2024?

- A. Apply the amount as a credit on his tax return for 2024.
- B. Submit Form 1045 for a tentative refund.
- C. File an amended return no later than April 15, 2025 (three years from when he filed the original return) for the year in question or two years from when he paid the tax, whichever comes later.
- D. Immediately initiate a lawsuit for a refund.

Answer: C. File an amended return no later than April 15, 2025 (three years from when he filed the original return) for the year in question or two years from when he paid the tax, whichever comes later.

- To claim a refund based on newly discovered information, Terry should file Form 1040-X, Amended U.S. Individual Income Tax Return. The deadline for filing a refund claim (Statute of Limitations) is the later of:
 - 1) Three years from the date the original return was filed (or its due date).
 - 2) Two years from the date the tax was paid.The original 2021 return was filed on April 15, 2022. Therefore, the 3-year deadline to file a claim is April 15, 2025. Option C correctly identifies this action and the primary deadline.
- *Topic: Refund Claims - Amended Returns (Form 1040-X)*

QUESTION 70

Tax advisors are encouraged to adhere to "best practices" when providing advice and preparing submissions to the IRS. Which of the following is not considered a best practice?

- A. Establishing facts, their relevance, and basing conclusions solely on these facts.
- B. Practicing with fairness and integrity before the IRS.
- C. Clearly communicating the engagement terms to the client.
- D. Informing the client about the significance of the conclusions reached.

Answer: A. Establishing facts, their relevance, and basing conclusions solely on these facts.

- "Best practices" for tax advisors, as outlined in Circular 230, include:
 - Communicating clearly with the client about the terms of the engagement (Option C).
 - Advising the client about the import of the conclusions reached (Option D).
 - Acting fairly and with integrity (Option B).Option A is the correct answer. Best practices (under Sec 10.33(a)(2)) require relating the applicable law to the relevant facts, not "basing conclusions *solely* on these facts" as Option A states.
 - *Topic: Circular 230 - Best Practices*
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QUESTION 78

What penalties could a tax preparer face if convicted of a misdemeanor for willfully preparing a false or fraudulent tax return?

- A. A fine of \$500, five months in jail, or both.
- B. A fine of \$2,000, six months in jail, or both.
- C. A fine of \$10,000, one year in jail, or both.
- D. A fine of \$8,000, two years in jail, or both.

Answer: C. A fine of \$10,000, one year in jail, or both.

- Willfully delivering or disclosing any list, return, or document known by the preparer to be fraudulent or false (a misdemeanor under §7207) can result in a fine of up to \$10,000 (\$50,000 for a corporation), imprisonment for up to one year, or both.
- *Topic: Tax Preparer Penalties - Willful Misconduct*

QUESTION 85

Phoebe received a notice of deficiency and missed the deadline to petition the Tax Court. A tax bill of \$786 was issued on June 1. By what date must Phoebe pay this tax to avoid further penalties or actions?

- A. June 22
- B. June 23
- C. June 24
- D. June 25

Answer: A. June 22

- When the IRS issues a notice and demand for payment (a tax bill) for an amount less than \$100,000, the taxpayer has 21 calendar days from the date of the notice to pay the amount due. The notice date was June 1. Counting 21 days from June 1 leads to the due date of June 22.
 - *Topic: IRS Notice and Demand for Payment - Due Date*
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QUESTION 89

Which official presides over the hearing (presiede l'udienza) and issues the decision in a disciplinary proceeding for censure, suspension, or disbarment?

- A. The Director of the IRS
- B. An Administrative Law Judge
- C. The Director of the Office of Professional Responsibility, subject to ALJ review
- D. A U.S. Tax Court Judge

Answer: B. An Administrative Law Judge

- An Administrative Law Judge (ALJ) has the authority to censure, suspend, or disbar a practitioner from practicing before the IRS. The Office of Professional Responsibility (OPR) oversees practitioner conduct and discipline, including handling applications for enrollment, competency testing, and continuing education requirements. While the Director of the OPR can issue reprimands (formal warnings), only an ALJ has the authority to impose more severe penalties such as suspension or disbarment following a formal disciplinary proceeding under Circular 230 (§10.76-10.78).
- *Topic: Rules for Tax Preparers*

PART 3 - PRACTICE EXAM #2

QUESTION 16

According to Treasury Department Circular 230, which behavior does NOT constitute incompetence or disreputable conduct?

- A. Voluntarily revealing tax return information with the client's consent.
- B. Being convicted of any federal tax-related criminal offense.
- C. Being convicted of any crime involving dishonesty or breach of trust.
- D. Intentionally neglecting to sign a tax return prepared by the practitioner, unless excused by a reasonable cause.

Answer: A. Voluntarily revealing tax return information with the client's consent.

- Circular 230 outlines various forms of incompetence and disreputable conduct. These include:
 - Conviction of any criminal offense under federal tax law (B).
 - Conviction of any criminal offense involving dishonesty or breach of trust (C).
 - Willfully failing to sign a tax return they prepared, unless the failure is due to reasonable cause (D).However, a practitioner can *disclose tax return information with the client's informed, voluntary, and specific consent*. This is not considered disreputable conduct.
- *Topic: Circular 230 - Incompetence and Disreputable Conduct*

QUESTION 46

Which is not a competence requirement under Section 10.35 of Circular 230 for practicing before the IRS?

- A. Adequate knowledge relevant to the service provided
- B. Sufficient preparation for the specific matters involved
- C. Engagement of experts when necessary
- D. Completion of compulsory tax law courses at an accredited institution

Answer: D. Completion of compulsory tax law courses at an accredited institution

- Circular 230, Section 10.35, outlines the requirement for competence. This requires a practitioner to possess the necessary knowledge, skill, and thoroughness to provide the service (A, B) and to engage experts (C) when necessary. However, Circular 230 does not require the "completion of compulsory tax law courses at an accredited institution" (D) to achieve this competence.
 - *Topic: Circular 230 Competence*
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QUESTION 73

What are the continuing education requirements for enrolled agents to maintain their status per enrollment cycle?

- A. At least 16 hours annually, including two on ethics.
- B. At least 18 hours annually, including two on ethics.
- C. At least 24 hours annually, including two on ethics.
- D. A total of 30 hours per cycle, with at least two on ethics.

Answer: A. At least 16 hours annually, including two on ethics.

- To maintain their status, enrolled agents must complete a minimum of 72 hours of continuing professional education (CPE) during each three-year enrollment cycle. Within that 72-hour total, they must complete at least 16 hours of CPE each year, and at least two of those 16 hours must be on ethics or professional conduct. Option A correctly identifies this minimum annual requirement.
- *Topic: Enrolled Agent - CPE Requirements*

QUESTION 94

What must paid tax preparers include on the returns they prepare?

- A. Their Social Security Number
- B. Their date of birth
- C. Their Preparer Tax Identification Number (PTIN)
- D. Their Identity Protection PIN (IP PIN)

Answer: C. Their Preparer Tax Identification Number (PTIN)

- All paid tax return preparers are required to obtain a Preparer Tax Identification Number (PTIN) from the IRS and to include their PTIN on any tax return or claim for refund they prepare for compensation. This is a fundamental requirement. They are not required to include their Social Security number (A). Their date of birth (B) and Identity Protection PIN (IP PIN) (D) are not required.
- *Topic: Paid Tax Return Preparer - PTIN Requirement*