

Formula and Limits Guide

Last reviewed: May 30, 2026. Tax year covered: Current IRS SEE cycle; verify current tax-year dollar limits before testing.

Tax rules, limits, forms, fees, and exam logistics can change. Always verify current tax-year limits, exam fees, scheduling rules, and identification requirements with official IRS and PSI sources before testing.

Course Modules

Preliminary Work and Taxpayer Data

Collect taxpayer identity details, filing history, income records, prior-year carryovers, and documents before choosing any return position.

Definitions: Preliminary Work and Taxpayer Data: Preliminary Work and Taxpayer Data is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in preliminary work and taxpayer data.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Filing Requirements and Filing Status

Determine who must file, which filing status applies, and how age, gross income, marital status, and dependency affect the return.

Definitions: Filing Requirements and Filing Status: Filing Requirements and Filing Status is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in filing requirements and filing status.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just

because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Dependents

Apply qualifying child and qualifying relative tests, including relationship, residency, age, support, gross income, joint return, and tie-breaker rules.

Definitions: Dependents: Dependents is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in dependents.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Income and Assets

Classify taxable and nontaxable income, including wages, interest, dividends, retirement income, unemployment, cancellation of debt, and property-related items.

Definitions: Income and Assets: Income and Assets is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in income and assets.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

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Adjustments to Income

Identify above-the-line deductions and understand how they affect adjusted gross income and downstream limitations.

Definitions: Adjustments to Income: Adjustments to Income is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in adjustments to income.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit

or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Business Entities and Tax Considerations

Compare tax treatment for sole proprietorships, partnerships, corporations, S corporations, LLCs, trusts, estates, and exempt organizations.

Definitions: Business Entities and Tax Considerations: Business Entities and Tax Considerations is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in business entities and tax considerations.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Sole Proprietorships

Report business income and expenses, self-employment tax, home office, vehicle use, and Schedule C issues.

Definitions: Sole Proprietorships: Sole Proprietorships is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in sole proprietorships.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Partnerships

Apply partnership formation, income allocation, guaranteed payments, basis, liabilities, distributions, and partner reporting rules.

Definitions: Partnerships: Partnerships is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in partnerships.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Corporations

Analyze C corporation income, deductions, dividends, earnings and profits, tax payments, and return filing requirements.

Definitions: Corporations: Corporations is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in corporations.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

S Corporations

Apply eligibility, elections, shareholder basis, reasonable compensation, distributions, losses, and termination rules.

Definitions: S Corporations: S Corporations is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in s corporations.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Circular 230

Apply Treasury rules governing practice before the IRS, including competence, diligence, conflicts, fees, standards, and sanctions.

Definitions: Circular 230: Circular 230 is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in circular 230.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Practitioner Duties and Restrictions

Identify practitioner obligations, prohibited conduct, due diligence, records, advertising, solicitation, and return-position standards.

Definitions: Practitioner Duties and Restrictions: Practitioner Duties and Restrictions is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in practitioner duties and restrictions.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

IRS Practice and Procedure

Understand exam, collection, appeal, refund, notice, transcript, and procedural paths used in IRS representation.

Definitions: IRS Practice and Procedure: IRS Practice and Procedure is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in IRS practice and procedure.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Power of Attorney and Authorizations

Distinguish Form 2848 from Form 8821 and identify authority, disclosure, revocation, and representative limits.

Definitions: Power of Attorney and Authorizations: Power of Attorney and Authorizations is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in power of attorney and authorizations.

- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Taxpayer Rights

Apply the Taxpayer Bill of Rights to exams, collections, appeals, privacy, representation, and fair treatment.

Definitions: Taxpayer Rights: Taxpayer Rights is tested through the facts, forms, timing, authority, taxpayer status, entity status, and current IRS rules that control the answer. | Controlling fact: A fact that changes the legal or procedural result, such as filing status, entity type, basis, deadline, ownership, relationship, authority, or tax year.

- Start by identifying the taxpayer, entity, representative, tax year, or procedure being tested in taxpayer rights.
- Apply only the facts given. Do not add taxpayer-favorable assumptions unless the rule allows them.
- When a dollar limit, deadline, phaseout, or form requirement is involved, verify the current exam-cycle rule before testing.

Calculation discipline: Write the formula before using numbers: starting amount, additions, reductions, limitation, and final tax effect. For basis, gain, credit, deduction, or penalty questions, identify what the exam is asking for before calculating. If a dollar limit or phaseout appears, verify the current tested amount through IRS instructions before sitting for the exam.

Exam tip: EA Exam Alert: read the final sentence first so you know whether the question asks for tax treatment, filing procedure, representation authority, or penalty exposure. Common IRS Trap: do not assume a form, deadline, or authorization applies just because it is familiar from another topic. Exam Tip: after choosing an answer, explain why each other choice fails. If you cannot do that, review the rule before moving on.

Practice Questions With Explanations

1. Preliminary Work and Taxpayer Data (Foundational)

A SEE candidate is working through a rule-recognition question on preliminary work and taxpayer data for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Preliminary Work and Taxpayer Data, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Preliminary Work and Taxpayer Data: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

2. Filing Requirements and Filing Status (Exam Standard)

A SEE candidate is working through a eligibility question on filing requirements and filing status for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Filing Requirements and Filing Status, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Filing Requirements and Filing Status: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

3. Dependents (Exam Standard)

A SEE candidate is working through a calculation setup question on dependents for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Dependents, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Dependents: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

4. Income and Assets (Difficult)

A SEE candidate is working through a procedure question on income and assets for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Income and Assets, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Income and Assets: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

5. Adjustments to Income (Exam Standard)

A SEE candidate is working through a documentation question on adjustments to income for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Adjustments to Income, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Adjustments to Income: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

6. Standard Deduction and Itemized Deductions (Difficult)

A SEE candidate is working through a timing question on standard deduction and itemized deductions for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Standard Deduction and Itemized Deductions, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Standard Deduction and Itemized Deductions: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

7. Credits (Elite Challenge)

A SEE candidate is working through a authority question on credits for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Credits, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Credits: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

8. Taxation and Advice (Foundational)

A SEE candidate is working through a mixed-fact analysis question on taxation and advice for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Taxation and Advice, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Taxation and Advice: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

9. Property Transactions (Exam Standard)

A SEE candidate is working through a rule-recognition question on property transactions for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Property Transactions, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Property Transactions: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

10. Retirement, Social Security, and Special Income (Difficult)

A SEE candidate is working through a eligibility question on retirement, social security, and special income for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Retirement, Social Security, and Special Income, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Retirement, Social Security, and Special Income: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

11. Foreign Issues for Individuals (Foundational)

A SEE candidate is working through a calculation setup question on foreign issues for individuals for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Foreign Issues for Individuals, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Foreign Issues for Individuals: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

12. Specialized Returns for Individuals (Exam Standard)

A SEE candidate is working through a procedure question on specialized returns for individuals for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Specialized Returns for Individuals, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Specialized Returns for Individuals: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

13. Ethics, Due Diligence, and Preparer Responsibilities (Exam Standard)

A SEE candidate is working through a documentation question on ethics, due diligence, and preparer responsibilities for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Ethics, Due Diligence, and Preparer Responsibilities, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Ethics, Due Diligence, and Preparer Responsibilities: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

14. Comprehensive Form 1040 Review (Difficult)

A SEE candidate is working through a timing question on comprehensive form 1040 review for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Comprehensive Form 1040 Review, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Comprehensive Form 1040 Review: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

15. Final Review and Practice Exams (Exam Standard)

A SEE candidate is working through a authority question on final review and practice exams for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Final Review and Practice Exams, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Final Review and Practice Exams: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

16. Preliminary Work and Taxpayer Data (Difficult)

A SEE candidate is working through a mixed-fact analysis question on preliminary work and taxpayer data for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Preliminary Work and Taxpayer Data, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Preliminary Work and Taxpayer Data: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

17. Filing Requirements and Filing Status (Elite Challenge)

A SEE candidate is working through a rule-recognition question on filing requirements and filing status for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Filing Requirements and Filing Status, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Filing Requirements and Filing Status: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

18. Dependents (Foundational)

A SEE candidate is working through a eligibility question on dependents for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Dependents, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Dependents: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

19. Income and Assets (Exam Standard)

A SEE candidate is working through a calculation setup question on income and assets for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Income and Assets, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Income and Assets: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

20. Adjustments to Income (Difficult)

A SEE candidate is working through a procedure question on adjustments to income for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Adjustments to Income, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Adjustments to Income: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

21. Standard Deduction and Itemized Deductions (Foundational)

A SEE candidate is working through a documentation question on standard deduction and itemized deductions for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Standard Deduction and Itemized Deductions, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Standard Deduction and Itemized Deductions: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

22. Credits (Exam Standard)

A SEE candidate is working through a timing question on credits for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Credits, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Credits: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

23. Taxation and Advice (Exam Standard)

A SEE candidate is working through a authority question on taxation and advice for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Taxation and Advice, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Taxation and Advice: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

24. Property Transactions (Difficult)

A SEE candidate is working through a mixed-fact analysis question on property transactions for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Property Transactions, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Property Transactions: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

25. Retirement, Social Security, and Special Income (Exam Standard)

A SEE candidate is working through a rule-recognition question on retirement, social security, and special income for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Retirement, Social Security, and Special Income, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Retirement, Social Security, and Special Income: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

26. Foreign Issues for Individuals (Difficult)

A SEE candidate is working through a eligibility question on foreign issues for individuals for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Foreign Issues for Individuals, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Foreign Issues for Individuals: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

27. Specialized Returns for Individuals (Elite Challenge)

A SEE candidate is working through a calculation setup question on specialized returns for individuals for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Specialized Returns for Individuals, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Specialized Returns for Individuals: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

28. Ethics, Due Diligence, and Preparer Responsibilities (Foundational)

A SEE candidate is working through a procedure question on ethics, due diligence, and preparer responsibilities for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Ethics, Due Diligence, and Preparer Responsibilities, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Ethics, Due Diligence, and Preparer Responsibilities: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

29. Comprehensive Form 1040 Review (Exam Standard)

A SEE candidate is working through a documentation question on comprehensive form 1040 review for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Comprehensive Form 1040 Review, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Comprehensive Form 1040 Review: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

30. Final Review and Practice Exams (Difficult)

A SEE candidate is working through a timing question on final review and practice exams for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Final Review and Practice Exams, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Final Review and Practice Exams: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

31. Preliminary Work and Taxpayer Data (Foundational)

A SEE candidate is working through a authority question on preliminary work and taxpayer data for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Preliminary Work and Taxpayer Data, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Preliminary Work and Taxpayer Data: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

32. Filing Requirements and Filing Status (Exam Standard)

A SEE candidate is working through a mixed-fact analysis question on filing requirements and filing status for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Filing Requirements and Filing Status, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Filing Requirements and Filing Status: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

33. Dependents (Exam Standard)

A SEE candidate is working through a rule-recognition question on dependents for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Dependents, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Dependents: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

34. Income and Assets (Difficult)

A SEE candidate is working through a eligibility question on income and assets for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Income and Assets, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Income and Assets: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

35. Adjustments to Income (Exam Standard)

A SEE candidate is working through a calculation setup question on adjustments to income for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Adjustments to Income, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Adjustments to Income: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

36. Standard Deduction and Itemized Deductions (Difficult)

A SEE candidate is working through a procedure question on standard deduction and itemized deductions for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Standard Deduction and Itemized Deductions, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Standard Deduction and Itemized Deductions: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

37. Credits (Elite Challenge)

A SEE candidate is working through a documentation question on credits for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: A

A is correct because the question is testing Credits, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Credits: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

38. Taxation and Advice (Foundational)

A SEE candidate is working through a timing question on taxation and advice for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: B

B is correct because the question is testing Taxation and Advice, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Taxation and Advice: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

39. Property Transactions (Exam Standard)

A SEE candidate is working through a authority question on property transactions for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: C

C is correct because the question is testing Property Transactions, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Property Transactions: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

40. Retirement, Social Security, and Special Income (Difficult)

A SEE candidate is working through a mixed-fact analysis question on retirement, social security, and special income for Part 1: Individuals. The facts include extra details that may be true but not controlling. Which answer reflects the safest exam approach?

Correct answer: D

D is correct because the question is testing Retirement, Social Security, and Special Income, not general tax familiarity. The safe exam method is to identify the taxpayer or entity, isolate the rule, check timing and eligibility, and apply only the facts given. This question is part of the expanded study bank and should be used with the related lesson and current IRS source checks.

Rule tested: Retirement, Social Security, and Special Income: exam fact application and distractor control

Exam trap: The trap is selecting a familiar or taxpayer-friendly answer before confirming the exact rule, year, authority, deadline, or entity/taxpayer status.

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