

IRS Practice Test Questions and Answers

1. What is the main advantage of using IRS Free File software?

- A) It allows all users to file taxes without paying.
- B) It provides access to IRS agents for tax advice.
- C) It is available only to users with Enrolled Agent (EA) status.
- D) It includes a discount on federal taxes owed.

2. Which type of organization is eligible for 501(c)(3) status?

- A) For-profit businesses
- B) Political action committees (PACs)
- C) Religious, charitable, or educational organizations
- D) Private investment firms

3. Which of the following is NOT a capital asset according to the IRS?

- A) A personal residence
- B) Stocks and bonds held for investment
- C) Inventory of a business
- D) A valuable painting owned by a collector

4. What is the purpose of the IRS Annual Filing Season Program (AFSP)?

- A) To require all tax preparers to take a certification exam
- B) To encourage voluntary continuing education for non-credentialed tax preparers
- C) To mandate that all tax professionals obtain a CPA license
- D) To replace the Enrolled Agent (EA) designation

Answers: 1-A 2-C 3-C 4-B

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