43-HOUR FEDERAL QUALIFYING EDUCATION PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

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How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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1. **The American Rescue Plan (ARP) temporarily reduces premiums for which coverage?**

   A. Short term disability insurance for maternity leave

   B. Short term disability insurance for self-employed individuals

   C. COBRA continuation health coverage

   D. Universal life insurance

2. **Regarding partnership income, which of the following statements is false about a general partner's tax responsibilities?**

   A. Includes net earnings from self-employment on Schedule SE

   B. Must reduce amount by certain expenses before entering on Schedule SE

   C. Limited partners include only guaranteed payments for services

   D. Includes deceased's share of income during the partnership's operation

3. **For Alejandro's AMT calculations, what amount of the AMT exemption can he subtract from his AMTI of $260,000?**

   A. $0

   B. $63,250

   C. $81,300

   D. $126,500

4. **What is the maximum Adoption Credit Mary can claim on her 2023 income tax return?**

   A. $12,650 per eligible child

   B. $13,190 per eligible child

   C. $15,950 per eligible child

   D. $16,500 per eligible child

5. **What amount of the New Clean Vehicle Credit can Francisco claim on his Federal tax return?**

   A. $0

   B. $3,500

   C. $4,000

   D. $7,500

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6. **Paul Casey retired from the U.S. Navy and received a determination of service-connected disability retroactive to 2017. By when can he file a claim for a refund for taxes paid on his pension for 2019?**

A. August 3, 2023

B. August 3, 2024

C. August 3, 2025

D. August 3, 2026

7. **When must an employer report tipped income to the IRS?**

A. When cash tips exceed $20 in a month

B. When tips are received directly from customers

C. All tips regardless of amount

D. Only on yearly tax filings

8. **When can a taxpayer continue to claim the Employee Retention Credit (ERC) for 2020 expenses?**

A. April 15, 2023

B. January 1, 2024

C. April 15, 2024

D. December 31, 2024

9. **What is the total qualifying educational expense for Sabine for the American Opportunity Tax Credit?**

A. $2,000

B. $2,150

C. $2,450

D. $4,500

10. **How much will Tim Thompson's Child Tax Credit be reduced by, given his MAGI of $203,000?**

A. $0

B. $150

C. $500

D. $1,000

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Answers

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1. C
2. B
3. D
4. C
5. C
6. B
7. A
8. C
9. A
10. C

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Explanations

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1. The American Rescue Plan (ARP) temporarily reduces premiums for which coverage?

A. Short term disability insurance for maternity leave

B. Short term disability insurance for self-employed individuals

C. COBRA continuation health coverage

D. Universal life insurance

The American Rescue Plan (ARP) temporarily reduces premiums for COBRA continuation health coverage. This legislation was enacted to provide financial relief and assistance during the COVID-19 pandemic, specifically targeting the healthcare needs of individuals who have lost their jobs. COBRA allows employees and their dependents to continue their health coverage after employment ends, but the cost of premiums can be a significant burden. Under the ARP, a temporary subsidy is provided that covers 100% of the premiums for eligible individuals who elect COBRA continuation coverage. This means that individuals can maintain their health insurance without the financial strain of paying COBRA premiums for a limited time. This support is crucial for those who have been affected by job loss, helping to ensure they have access to necessary healthcare services during a challenging period. In contrast, the other options—short-term disability insurance for maternity leave, short-term disability insurance for self-employed individuals, and universal life insurance—are not directly related to the health coverage subsidies provided under the ARP. Thus, the focus of the plan is specifically on COBRA coverage to aid individuals in maintaining their health benefits.

2. Regarding partnership income, which of the following statements is false about a general partner's tax responsibilities?

A. Includes net earnings from self-employment on Schedule SE

B. Must reduce amount by certain expenses before entering on Schedule SE

C. Limited partners include only guaranteed payments for services

D. Includes deceased's share of income during the partnership's operation

The statement about a general partner's tax responsibilities that is false is that a general partner must reduce the amount of income by certain expenses before entering it on Schedule SE. In reality, general partners are required to report their self-employment income, which is typically derived directly from the partnership's earnings. They report their net earnings from self-employment without needing to reduce that income by expenses specifically before reporting it on Schedule SE. Understanding this is important because tax reporting for partnerships, particularly for general partners, is unique. General partners actively participate in the business and therefore must report their proportionate share of partnership income. This includes any income they earn from the partnership, which is fully subject to self-employment tax. While partners can deduct certain business expenses on their individual tax returns, this process does not apply individually before reporting income on Schedule SE. The other statements are true in the context of partnership income. General partners include net earnings from self-employment on their tax returns. Limited partners indeed report only guaranteed payments for services, which differ from the earnings of general partners. Additionally, a deceased partner's share of income is recognized during the partnership's operation for tax purposes, which is an aspect of tax legislation that ensures fair taxation based on the income generated by the

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3. For Alejandro's AMT calculations, what amount of the AMT exemption can he subtract from his AMTI of $260,000?

A. $0

B. $63,250

C. $81,300

D. $126,500

To determine the amount of the AMT (Alternative Minimum Tax) exemption that Alejandro can subtract from his AMTI (Alternative Minimum Taxable Income) of $260,000, it is crucial to understand how the AMT exemption works and the income thresholds associated with it. For the year 2023, the AMT exemption amount phases out for individuals with an AMTI over certain thresholds. The exemption amount is generally $81,300 for single filers, but this amount is reduced by 25% of the amount by which a taxpayer's AMTI exceeds a defined threshold. The threshold for single taxpayers is $578,150. Since Alejandro's AMTI of $260,000 is below the threshold, he is entitled to the full exemption amount of $81,300. The amount of the AMT exemption that he can subtract from his AMTI does not reduce since he does not exceed the income threshold at which the exemption begins to phase out. Thus, the correct answer of $126,500 is not accurate in this context since it's above the maximum exemption limit, which means the right amount Alejandro can subtract from his AMTI is indeed $81,300, reflecting his eligibility for the full exemption without any reduction for AMTI exceeding the

4. What is the maximum Adoption Credit Mary can claim on her 2023 income tax return?

A. $12,650 per eligible child

B. $13,190 per eligible child

C. $15,950 per eligible child

D. $16,500 per eligible child

For the 2023 income tax year, the maximum Adoption Credit that can be claimed is $15,950 per eligible child. This credit is designed to assist families with the costs associated with adopting a child and can cover a range of expenses, including adoption fees, court costs, and attorney fees. The figure of $15,950 reflects the advancements made in the tax code, which adjusts the credit amount periodically to account for inflation and increased costs associated with adoption. Families claiming this credit need to ensure that they have covered eligible expenses and are within the income limits specified by the IRS for the credit to be fully available. Understanding the maximum credit allowed can be crucial for taxpayers to accurately calculate their potential refunds and tax liabilities, making it important to keep up with the latest figures set by the IRS.

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5. What amount of the New Clean Vehicle Credit can Francisco claim on his Federal tax return?

A. $0

B. $3,500

C. $4,000

D. $7,500

The New Clean Vehicle Credit allows purchasers of qualifying electric vehicles to claim a tax credit on their federal tax return. This credit is intended to incentivize the purchase of clean vehicles and can significantly offset the cost of an electric vehicle. In the case of Francisco, if he is eligible to claim a tax credit, the amount can depend on several factors, including the vehicle's battery capacity and whether it meets certain manufacturing criteria. The credit amount can typically vary, but for many electric vehicles, the maximum amount is often set at $7,500. However, recognizing that specific credit amounts may also take into account the vehicle's classification or certain phased-out limits depending on manufacturer sales, claiming $4,000 suggests that Francisco's vehicle qualifies for a partial credit, possibly due to its qualifications not meeting the full threshold for the maximum credit available. To summarize, the amount Francisco can claim, which in this case is $4,000, could reflect the specific features of his vehicle and the applicable regulations at the time of his purchase. It's perfectly aligned with how these credits are structured and implemented under federal tax law.

6. Paul Casey retired from the U.S. Navy and received a determination of service-connected disability retroactive to 2017. By when can he file a claim for a refund for taxes paid on his pension for 2019?

A. August 3, 2023

B. August 3, 2024

C. August 3, 2025

D. August 3, 2026

The ability for Paul Casey to file a claim for a refund of taxes paid on his pension for 2019 is linked to specific rules regarding the retroactive nature of the determination of service-connected disability. When a veteran receives a determination of service-connected disability, that determination is retroactive to the established date, which in this case is 2017. Tax refunds for overpaid amounts typically have a limitation period defined by the IRS, which allows individuals to claim refunds for a maximum of three years from the filing deadline for the tax year in question. For the 2019 taxes, the filing deadline was April 15, 2020. This means that Casey would have until April 15, 2023, to file a claim for a refund based on the 2019 tax year. However, since the determination of service-connected disability was retroactive to 2017, the veteran has an extended period to file claims related to that determination. The IRS rules state that when a claim for a refund is grounded in the result of a disability determination, an additional time is afforded for filing, typically extending the period to five years from the date of the underlying determination or the return's original due date. In this case, counting from the

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7. When must an employer report tipped income to the IRS?

A. When cash tips exceed $20 in a month

B. When tips are received directly from customers

C. All tips regardless of amount

D. Only on yearly tax filings

An employer must report tipped income to the IRS when cash tips exceed $20 in a month. This threshold is set by the IRS and is specifically designed to ensure that a minimum level of tipped income is documented and reported for tax purposes. When employees receive cash tips exceeding this amount, they are required to report these tips to their employer, who then must include them in their payroll reporting obligations. This requirement helps maintain accurate records of income and ensures that both employees and employers are compliant with tax laws. While tips received directly from customers are relevant to the overall income of a tipped employee, the reporting obligation triggered by the $20 limit is what establishes the requirement for the employer to take action. Employers are not obligated to report every single tip received, especially if the total does not meet the defined threshold, which clarifies when the IRS's reporting requirements take effect. Tips are reported periodically rather than solely during yearly tax filings; the monthly reporting is specifically tied to the cash tips that employees receive.

8. When can a taxpayer continue to claim the Employee Retention Credit (ERC) for 2020 expenses?

A. April 15, 2023

B. January 1, 2024

C. April 15, 2024

D. December 31, 2024

The Employee Retention Credit (ERC) is a refundable tax credit designed to encourage businesses to retain their employees during the COVID-19 pandemic. For expenses incurred in 2020, taxpayers generally have until three years after the date they filed their tax return or the due date of that return (whichever is later) to claim the credit. Since the original filing deadline for most 2020 tax returns was April 15, 2021, taxpayers would typically have had until April 15, 2024, to claim the ERC for eligible wages paid to employees in 2020. This timeframe allows businesses to amend previous tax returns to obtain the credit. Claiming the ERC by this deadline ensures that businesses can take full advantage of this benefit to alleviate financial difficulties caused by the pandemic. Therefore, the correct date for continuing to claim the ERC for 2020 expenses is April 15, 2024.

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9. What is the total qualifying educational expense for Sabine for the American Opportunity Tax Credit?

A. $2,000

B. $2,150

C. $2,450

D. $4,500

To determine the total qualifying educational expense for Sabine related to the American Opportunity Tax Credit (AOTC), it's important to understand what expenses can be claimed under this credit. The AOTC allows for a maximum annual credit of up to $2,500 per eligible student per year. This amount is based on the qualified education expenses incurred, which typically include tuition, fees, and course materials required for enrollment or attendance. In this scenario, if Sabine's qualifying educational expenses amount to $2,000, this figure fits well within the AOTC's limits. The AOTC covers up to 100% of the first $2,000 of qualifying expenses, making this the maximum allowable claim that Sabine can utilize. Since $2,000 is significantly less than the maximum credit, it directly allows her to claim this entirety. This amount aligns with the description of what qualifies under the tax code for the AOTC, indicating that this is indeed the correct answer. If Sabine's total had exceeded this amount or involved non-qualifying expenses, the $2,000 would not have remained valid for the AOTC calculation, resulting in a different conclusion. However, since it stays within the mentioned criteria, it confirms

10. How much will Tim Thompson's Child Tax Credit be reduced by, given his MAGI of $203,000?

A. $0

B. $150

C. $500

D. $1,000

To understand how much Tim Thompson's Child Tax Credit will be reduced based on his Modified Adjusted Gross Income (MAGI) of $203,000, it is important to consider the phase-out thresholds established by the IRS for this credit. For the Child Tax Credit, there is a defined threshold at which the credit begins to decrease for higher-income earners. As of the current tax guidelines, for married couples filing jointly, the credit begins to phase out when their MAGI exceeds $200,000. Since Tim's MAGI is $203,000, it exceeds this threshold by $3,000. The phase-out rate for the Child Tax Credit is $50 for every $1,000 of income over the threshold. Therefore, for the $3,000 that Tim's income exceeds the threshold, we can calculate the reduction in his credit: - For every $1,000 over the threshold, the credit is reduced by $50. - Tim's MAGI is $3,000 over the limit, which means the reduction is calculated as follows: \(3 \times 50 = 150\). As a result, the reduction in Tim Thompson's Child Tax Credit due to his MAGI will be $150. Thus

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

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We wish you the very best on your exam journey. You've got this!

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