H&R BLOCK INCOME TAX PRACTICE EXAM (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. What can the Educator Expenses Deduction be used for?

A. Personal living expenses

B. Classroom supplies, books, and equipment

C. Tuition fees for personal development

D. Student scholarships

2. Which statement defines a partnership?

A. A business owned by one individual

B. A cooperative agreement among different businesses

C. A form of business where two or more persons co-own and conduct the business

D. A temporary business structure for joint ventures

3. Which of the following is not a requirement to claim the Child and Dependent Care Credit?

A. The care must be for a working taxpayer

B. The taxpayer must provide proof of insurance

C. Care must have been provided in the same home

D. The taxpayer must have earned income

4. Which of the following is a requirement for a qualifying child (QC) for EIC?

A. Must be a full-time student under 21

B. Cannot be claimed as a QC by more than one person

C. Must be under 19 years old and the taxpayer's dependent

D. Must have lived with the taxpayer for the whole year

5. Why is Form 1098-E important for students?

A. It helps students file for scholarships

B. It provides information about student loan interest paid

C. It documents attendance for college

D. It offers guidance on tax brackets

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6. Which of the following can be identified as a source of passive income?

A. Income from direct sales work.

B. Income from managing an active business.

C. Income from rental property the taxpayer does not manage.

D. Income from salary or wages.

7. What does the term Disposition relate to in asset management?

A. The act of improving asset value

B. The act of selling an asset at a profit

C. The act of taking an asset out of service

D. The act of transferring ownership of an asset

8. If a taxpayer shows negligence in their filing, what type of penalty applies?

A. No penalty applies

B. 5% of unpaid tax

C. 20% of the underpayment

D. 10% of the correct tax

9. What is the filing requirement for an unmarried dependent earning $975 from wages and $175 from interest?

A. Yes; gross income exceeds standard deduction

B. No; wages less than dependent standard deduction

C. Yes; unearned income over $950

D. No; total income not significant

10. What is one qualification for the Additional Child Tax Credit?

A. Must have a family income over $100,000

B. Must have earned income exceeding $3,000

C. Must have only one qualifying child

D. Must be a resident alien

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Answers

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

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Explanations

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1. What can the Educator Expenses Deduction be used for?

A. Personal living expenses

B. Classroom supplies, books, and equipment

C. Tuition fees for personal development

D. Student scholarships

The Educator Expenses Deduction is designed specifically to assist teachers and educators in offsetting costs they incur for classroom-related expenses. This deduction allows eligible educators to claim a deduction for unreimbursed expenses associated with purchasing classroom supplies, books, and equipment required for teaching. This is essential for educators as they often spend their personal funds on materials needed for their classrooms. The IRS has set a limit on the amount that can be claimed, but the primary focus remains on supporting teachers in acquiring necessary supplies for their educational roles. Other options, such as personal living expenses, tuition fees for personal development, and student scholarships, do not qualify under this deduction's criteria and are not related to the specific expenses educators incur while performing their job responsibilities in a classroom environment.

2. Which statement defines a partnership?

A. A business owned by one individual

B. A cooperative agreement among different businesses

C. A form of business where two or more persons co-own and conduct the business

D. A temporary business structure for joint ventures

A partnership is defined as a form of business where two or more persons co-own and conduct a business together. In this structure, the partners share in the profits and losses of the business, and they also typically share in the decision-making responsibilities. This collaborative approach allows for pooling resources, skills, and expertise, which can enhance the business's overall capacity to succeed. The other options present different business structures. A business owned by one individual refers to a sole proprietorship, which is fundamentally different because it involves only one owner rather than multiple partners. A cooperative agreement among different businesses typically describes a joint venture or collaboration but does not specifically illustrate the relationship and shared ownership characteristic of a partnership. Lastly, a temporary business structure for joint ventures suggests a more transient arrangement, which does not reflect the ongoing nature of a partnership where the co-owners operate the business together over a longer period.

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3. Which of the following is not a requirement to claim the Child and Dependent Care Credit?

A. The care must be for a working taxpayer

B. The taxpayer must provide proof of insurance

C. Care must have been provided in the same home

D. The taxpayer must have earned income

To claim the Child and Dependent Care Credit, it is not necessary for the taxpayer to provide proof of insurance. This credit is primarily aimed at taxpayers who incur child and dependent care expenses in order to work or look for work. The care provided must indeed be for a working taxpayer, and there are specific requirements about the employment status associated with claiming this credit. Additionally, the individual claiming the credit must have earned income, which verifies that they are working and generating income that necessitates child or dependent care. Moreover, while the care typically does not have to be in the taxpayer's home, it is not a strict requirement that this care must occur at home. The essential factors that allow a taxpayer to claim the credit revolve around employment status and the existence of relevant care expenses, rather than insurance documentation. Thus, the absence of an insurance proof requirement makes the option about insurance the correct response to the question.

4. Which of the following is a requirement for a qualifying child (QC) for EIC?

A. Must be a full-time student under 21

B. Cannot be claimed as a QC by more than one person

C. Must be under 19 years old and the taxpayer's dependent

D. Must have lived with the taxpayer for the whole year

To qualify for the Earned Income Credit (EIC), one of the essential requirements for a qualifying child (QC) is that the child cannot be claimed as a qualifying child by more than one person. This ensures that the EIC is not duplicated among different taxpayers claiming the same child, which aligns with the IRS's intention to fairly administer tax benefits and avoid fraudulent claims. This criterion prevents multiple individuals from receiving tax benefits for the same child, maintaining the integrity of the tax system. If a child qualifies for EIC under a taxpayer's care, it must be exclusive to that taxpayer for the year in question, which emphasizes the importance of clear dependency claims. In contrast, the other options do not align correctly with the requirements set forth by the IRS for a qualifying child. For example, while being a full-time student is a factor that could influence qualifying, it doesn't universally apply if the child is older than 21. Similarly, while age and dependency status matter, the specific stipulation of under 19 as described does not fully encompass all qualifying children under the EIC guidelines, as it overlooks those who might still qualify if they are full-time students under the age of 24. Lastly, the requirement for living with the taxpayer for the

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5. Why is Form 1098-E important for students?

A. It helps students file for scholarships

B. It provides information about student loan interest paid

C. It documents attendance for college

D. It offers guidance on tax brackets

Form 1098-E is significant for students because it provides essential information regarding the interest paid on student loans during the tax year. This information is crucial for tax purposes, as the interest paid on qualified student loans may be deductible when filing income taxes, potentially reducing the taxable income of the student or taxpayer. When completing tax returns, taxpayers can use the details provided on Form 1098-E to accurately calculate the amount of student loan interest they can claim. This can lead to a tax benefit that helps alleviate some of the financial burden associated with education costs. The form is specifically focused on reporting the interest payments made, rather than other aspects related to scholarships, attendance, or tax guidance.

6. Which of the following can be identified as a source of passive income?

A. Income from direct sales work.

B. Income from managing an active business.

C. Income from rental property the taxpayer does not manage.

D. Income from salary or wages.

Passive income refers to earnings derived from activities in which the individual is not actively involved. This typically includes earnings from rental properties, royalties, or investments where the investor does not participate in the management or operations of the business or property. Income from rental property that the taxpayer does not manage qualifies as passive because it generates revenue automatically without requiring direct involvement from the taxpayer. For instance, if a taxpayer owns a rental property and hires a property manager to handle the day-to-day tasks, the income generated from that property would be considered passive. In contrast, income from direct sales work, managing an active business, and salary or wages all involve active participation and effort from the taxpayer, disqualifying them as passive income sources. These types of income require ongoing involvement, decision-making, or the provision of services, which is not aligned with the definition of passive income.

7. What does the term Disposition relate to in asset management?

A. The act of improving asset value

B. The act of selling an asset at a profit

C. The act of taking an asset out of service

D. The act of transferring ownership of an asset

The term "Disposition" in asset management primarily refers to the act of taking an asset out of service. This can include scenarios such as selling the asset, scrapping it, or disposing of it in any manner that removes it from the company's balance sheet. When an asset is disposed of, that indicates it is no longer in use or contributing to operations, and this often has implications for financial reporting, taxation, and the evaluation of an entity's asset portfolio. Taking an asset out of service can lead to various outcomes, including potential tax implications, depending on whether the disposal results in a gain or a loss. Understanding this concept is crucial for effective asset management, as it helps businesses make informed decisions on their capital investments, determine asset lifecycles, and manage financial statements appropriately. The other choices related to asset value, profit from sales, or ownership transfer may be relevant in various contexts but do not encapsulate the full definition of disposition as it pertains to asset management.

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8. If a taxpayer shows negligence in their filing, what type of penalty applies?

A. No penalty applies

B. 5% of unpaid tax

C. 20% of the underpayment

D. 10% of the correct tax

When a taxpayer demonstrates negligence in their filing, the appropriate penalty that applies is a percentage of the underpayment that results from that negligence. In this context, negligence refers to a failure to make a reasonable effort to comply with tax laws, which can include underreporting income or claiming deductions without proper basis. The penalty amount for negligence is set at 20% of the underpayment. This provision aims to encourage accurate reporting and compliance with tax obligations, as negligence can lead to significant discrepancies in tax owed. The determination of negligence involves looking at how a reasonable person would have acted in the same circumstances, and failing to uphold that standard can result in the penalty being levied. This understanding emphasizes the importance of due diligence in tax preparation and reporting, ensuring that taxpayers take care to adhere to tax laws and guidelines to avoid such penalties.

9. What is the filing requirement for an unmarried dependent earning $975 from wages and $175 from interest?

A. Yes; gross income exceeds standard deduction

B. No; wages less than dependent standard deduction

C. Yes; unearned income over $950

D. No; total income not significant

To determine the filing requirement for an unmarried dependent, we first need to look at the concept of the standard deduction and how income types factor into it. For a dependent who is unmarried, the 2023 standard deduction is set at a threshold that protects a certain amount of their earnings from taxation. In this case, the unmarried dependent has earned income of $975 from wages and $175 from interest. The key factor in deciding if they need to file a tax return is whether their gross income exceeds the allowable threshold. The combined total income for the dependent is $1,150 ($975 from wages plus $175 from interest), however, only earned income counts towards the standard deduction requirement for dependents. For 2023, a dependent can file if their earned income exceeds the standard deduction for dependents. For 2023, the standard deduction for an unmarried dependent is greater than the earned income limit, which means if the dependent's wages alone are below this threshold, no tax return is required. Since the wages of $975 are below the limit of the standard deduction, the requirement to file does not apply in this case. Therefore, the correct explanation is that the total wages are less than the standard deduction for a dependent, indicating that there is

10. What is one qualification for the Additional Child Tax Credit?

A. Must have a family income over $100,000

B. Must have earned income exceeding $3,000

C. Must have only one qualifying child

D. Must be a resident alien

The Additional Child Tax Credit (ACTC) provides a refundable tax credit to taxpayers who qualify based on their earned income and the number of qualifying children. One key qualification for claiming the ACTC is that the taxpayer must have earned income exceeding a specific threshold, which is set at $3,000. This requirement ensures that the credit benefits taxpayers who are actively earning income and are financially supporting their children. Having earned income above this amount allows qualifying individuals to receive a credit that can significantly reduce their tax liability or increase their refund. The focus on earned income as a qualification emphasizes the program's aim to assist families who are engaged in the workforce and need support for their children.

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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:

https://handrblockincometax.examzify.com

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

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