

Professional Education Services, LP



Quality education offered by PES...

Ethics and the Tax Professional

**Course #4200L/QAS4200L
Exam Packet**



Professional Education Services, LP

The Professional's Choice for CPE. sm

4208 Douglas Blvd. • Suite 50 • Granite Bay, CA 95746

To Order: 1-800-998-5024 • Customer Service: 1-800-990-2731 • Fax: 916-791-4099

www.mypescpe.com • www.pescpe.com • www.pesqascpe.com • www.eacpe.com

ETHICS AND THE TAX PROFESSIONAL (COURSE #4200L/QAS4200L)

COURSE DESCRIPTION

This course is designed to meet general ethics requirements. It covers the IRS Circular 230 and Statements on Standards for Tax Services. Uses the materials entitled *Ethics and the Tax Professional*. No prerequisites. Course level: Basic. Course #4200L/QAS4200L - 2 CPE hours.

LEARNING ASSIGNMENTS and OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment

ASSIGNMENT	SUBJECT
-------------------	----------------

- | | |
|----------|--|
| 1 | Chapter 1: IRS Circular 230 <ul style="list-style-type: none">• Explanation of Provisions• What Is Not Considered “Practice Before the IRS”• Duties and Restrictions Relating to Practice Before the Internal Revenue Service• Sanctions for Violation of the Regulations Chapter 2: Statements on Standards for Tax Services |
|----------|--|

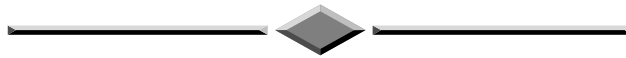
Study the course materials from pages 1-1 to 2-11
Complete the review questions at the end of each chapter
Answer the final exam questions 1 to 10

Objectives:

- To identify the IRS requirements outlined in Circular 230
- To relate the applicable AICPA guidance to tax practices
- To apply the AICPA standards and the IRS rules to common ethical dilemmas faced by CPAs in tax practice
- To recognize types of conduct that may result in discipline under Circular 230

ASSIGNMENT

- 3 **Complete the Answer Sheet and Course Evaluation and mail to PES for credit**



NOTICE

This course and test have been adapted from materials and information contained in materials entitled *Ethics and the Tax Professional* and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

© **Professional Education Services, LP 2013**

Program publication date 3/22/13

ETHICS AND THE TAX PROFESSIONAL (COURSE #4200L/QAS4200L) – EXAM OUTLINE

COURSE EXPIRATION DATE: Per AICPA and NASBA standards, this course must be completed within one year from the date of purchase.

TEST FORMAT: The following final exam, consisting of 10 multiple choice questions, is based specifically on the material included in this course. The answer sheet must be completed and returned to PES for CPE certification. You will find the answer sheet at the back of this exam packet so that you may easily remove it and use it while taking your test.

LICENSE RENEWAL INFORMATION: The Ethics and the Tax Professional course (#4200L/QAS4200L) qualifies for 2 CPE hours.

PROCESSING: Your exam will be graded promptly. You must score 70% or better to pass. When you pass, your certificate of completion will be mailed. If you do not pass, we will give you a courtesy call to inform you of this and then another answer sheet will be sent to you free of charge.

GRADING OPTIONS: Please choose only one of the following. There is no additional charge for any of these grading options. Make sure to fill out your answer sheet completely prior to submitting it.

- **ONLINE GRADING** –Visit our website at <http://www.mypescpe.com>. Login to your account (if you are a first-time user you *must* set up a new user account). Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder. If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **MAIL** – Your exam will be graded and your certificate of completion mailed to you the same day we receive it. Your certificate will be dated according to the **postmark date**; therefore, you do not need to overnight your exam. Please mail your answer sheet to:

Professional Education Services, LP
4208 Douglas Blvd., Ste 50
Granite Bay, CA 95746

- **FAX** – Your exam will be graded and you will be contacted either via phone or fax with your results within 4 business hours of receipt. A copy of your graded exam and certificate of completion will be mailed to you the same day we receive it. Your certificate will be dated according to the fax date. If you choose to fax your exam, please do not mail it. Your fax will serve as the original. Please refer to the attached answer sheet for further instructions on fax grading. Fax number (916) 791-4099.



***Thank you for using
Professional Education Services.
We appreciate your business!!***

ETHICS AND THE TAX PROFESSIONAL (COURSE #4200L/QAS4200L) – FINAL EXAM

The following questions are multiple choice. Please indicate your choice on the enclosed Answer Sheet.

1. Circular 230 prescribes regulations governing the practice before the Internal Revenue Service. Which of the following is considered “practicing before the IRS:”
 - a) representing a member of your immediate family
 - b) a general partner representing the partnership
 - c) participating in rulemaking by submitting comments on the fairness of proposed regulations
 - d) solely representing clients who filed simple tax returns, such as Form 1040-EZ, for a fee
2. Bob Jones, Inc. is a new small business client that has asked you to prepare its current year tax return. Upon interviewing the client, you determine that the client has not filed several prior year tax returns. According to Circular 230, what should you do:
 - a) notify the IRS of this failure
 - b) advise the client promptly of the fact of non-compliance and notify the IRS if the client refuses to file
 - c) advise the client promptly of the fact of non-compliance
 - d) ignore the fact of non-filing provided the current year return is timely filed
3. According to Circular 230, a practitioner may generally determine the rate and fee structure to charge clients. All of the following methods are permitted under Circular 230 except:
 - a) fixed fees for specific routine services (e.g., \$150 for a Form 1040A)
 - b) a flat percentage fee based on the amount of refund on a Form 1040
 - c) hourly rates
 - d) a range of fees for particular services with a higher fee charged for more complex situations
4. Which of the following is true regarding when a contingent fee is permitted by the IRS:
 - a) contingent fees are permitted as long as AICPA standards are followed
 - b) contingent fees are allowed on original tax returns
 - c) contingent fees are allowed when representing a client under audit
 - d) contingent fees are never allowed
5. If a practitioner publishes a written schedule of fees, and the practitioner wants to increase fees after they are published:
 - a) the practitioner must wait at least 30 calendar days after publishing a fee schedule to raise rates
 - b) the practitioner may increase or decrease rates at any time without notice
 - c) the practitioner must treat rate increases and decreases the same under the fee notification rules
 - d) the practitioner may not increase rates from February 1 – April 15 each year
6. When a tax practitioner sends out a large e-mail solicitation, according to Circular 230:
 - a) there are currently no rules applicable to e-mail solicitations, only printed solicitations
 - b) there are no rules applicable to e-mail solicitations provided the number of solicitation e-mails is less than 100 per calendar month
 - c) fee information quoted in e-mail solicitations may not be changed for at least ten days after the e-mails are sent
 - d) a list of the e-mail addresses or a description of the e-mail list must be retained by the practitioner for at least 36 months after the e-mails are sent

7. Under which of the following circumstances may a practitioner endorse or otherwise negotiate a client's federal income tax refund check: (Circular 230, Section 10.31)
- a) with the client's oral permission
 - b) when the client owes the practitioner fees for preparing the return
 - c) when the client owes the practitioner fees for preparing the return and the client was notified that the practitioner intended to negotiate the refund check
 - d) none of the above; a practitioner may not endorse client refund checks
8. In preparing the tax return for Nash Plumbing, Inc., you notice a large deduction for "consulting services." You ask your client to explain this deduction, and he explains it represents tuition paid for his son to attend college. You know that no 1099 or W-2 was issued for these services nor is any of this income reflected on your client's personal tax return or his son's. Your client states that "everyone" in this industry does this. This deduction is equivalent to 20% of the net income. Which of the following is correct regarding your ability to sign the tax return for Nash Plumbing, Inc. per Circular 230 (Section 10.34):
- a) you may sign the return since the return meets the "nonfrivolous standard"
 - b) the client's assertion that the deduction is industry practice is frivolous. Accordingly, the position does not meet Section 10.34, and you may not sign the return
 - c) you may sign the return only if the deduction is clearly identified on the return as "consulting expense paid to son" or some similar disclosure
 - d) you may sign the return since everything on the return is the representation of the client
9. Assume the same facts as Question 8 above. What action should you take according to SSTS-1:
- a) notify the IRS immediately
 - b) sign the return since SSTS-1 states your primary duty is to your client
 - c) not sign the return unless the client agrees not to claim the frivolous deduction
 - d) sign the return and recommend that the client file an amended return after tax season
10. Assume the same facts as Question 8 above, except that the questionable deduction was in a prior year return prepared by the prior CPA. What responsibilities do you have under SSTS-6:
- a) you should notify the client of the error and recommend that an amended return be filed
 - b) you should simply notify the client of the error
 - c) you have no responsibility since the deduction in question was insignificant
 - d) you have no responsibility to do anything since you did not prepare the return in question

***Congratulations –
you've completed the exam!***

ETHICS AND THE TAX PROFESSIONAL #4200L/QAS4200L (2 CPE hours) – ANSWER SHEET (3/13)

Important Note: For certification, this answer sheet must be completed and submitted to PES for grading within one year from the date of purchase. Please use black ink and print for quicker processing – thank you.

Name (as it appears on your license) _____

Address _____

City _____ State _____ Zip _____ Home Work

Daytime Phone (____) _____ E-mail address (for online grading) _____

License Number _____ State _____ Expiration Date _____ CPA, PA, EA (circle one)

PTIN Number (if applicable) _____

If course was ordered by another party, please indicate name here: _____

GRADING OPTIONS – Please choose only ONE of the following:

- **ONLINE GRADING** – Visit our website at <http://www.mypescpe.com>.
 - Login to your account (if you are a first-time user, you *must* set up a new user account).
 - Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder.
 - If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **Mail** – Mail your exam to: PES, 4208 Douglas Blvd., Ste 50, Granite Bay, CA 95746
- **Fax** – Fax your exam to (916) 791-4099 and choose **one** of the following options:
Please: mail my results only or fax phone my results to: (____) _____

PLEASE INDICATE YOUR ANSWER BY FILLING IN THE APPROPRIATE CIRCLE

	A	B	C	D		A	B	C	D
1.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	6.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	7.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	8.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	9.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	10.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete the attached course evaluation – your opinion is extremely valuable.

Ethics and the Tax Professional #4200L/QAS4200L - Course Evaluation

Rate on a scale of 1-10 with 1 being poor and 10 being excellent.

- 1. The course met the course objectives described in the promotional material. _____
- 2. The course was up to date, held my interest, was timely, and effective. _____
- 3. The course materials were understandable, valuable, and suitable for a correspondence course. _____
- 4. The amount of advance knowledge and stated prerequisites were appropriate. _____
- 5. The completion time was appropriate for the number of credits allowed. _____
- 6. The course met my professional education needs. _____

Please answer the following questions – mark/rate any and all that may apply

- 1. How would you rate PES's order desk _____
 customer service _____

2. What can PES do to keep you as a valued customer?

3. Any other comments regarding this course or our company would be appreciated.

4. What other courses/subjects would you like to see PES offer in the future?



**Mail to: Professional Education Services, LP
4208 Douglas Blvd., Ste 50, Granite Bay, CA 95746**