PTIN MODULE 3

TAX LAW ESSENTIALS

Homework Worksheet + Answer Key

Choose the best answer for each question. Complete the worksheet before reviewing the answer key.

Student Information

Name: ________________________________ Date: ____________________

1. What is the best foundation for building an accurate tax return?

- A. The prior-year return
- B. The taxpayer's current-year facts
- C. The software defaults
- D. Only the forms the client brings

2. Which intake question is more effective for uncovering household facts?

- A. "Your two children lived with you all year, correct?"
- B. "Tell me who lived in your home during 2025."
- C. Did you file last year?
- D. Do you want Head of Household?

3. What should a preparer do with information from a prior-year return?

- A. Copy it automatically
- B. Independently confirm the current year's facts
- C. Assume nothing changed
- D. Use it instead of interviewing the taxpayer

4. Which item should be collected when applicable for Marketplace health coverage?

- A. Form 1095-A
- B. Form W-4
- C. Form 8332 only
- D. Form 1099-NEC only

5. Filing status is generally determined based on the taxpayer's status at what point?

- A. January 1
- B. The filing date
- C. The last day of the tax year
- D. The date the refund is issued

6. Which statement about Married Filing Jointly is accurate?

- A. It never creates shared responsibility
- B. It combines both spouses' income, deductions, credits, and responsibility on one return
- C. It is always the best filing status
- D. It prevents joint and several liability

7. Which fact alone does NOT make a taxpayer Head of Household?

- A. Being the primary earner
- B. Meeting the applicable qualifying-person rules
- C. Paying more than half the cost of keeping up a home
- D. Being unmarried or considered unmarried under the applicable rules

8. Qualifying Surviving Spouse may generally be available for how long after the year of a spouse's death, assuming the requirements are met?

- A. One year
- B. Two years
- C. Five years
- D. Indefinitely

9. Which tests are part of the qualifying-child analysis described in the lesson?

- A. Relationship, age, residency, support, and joint-return status
- B. Income only
- C. Custody agreement only
- D. Social Security card only

10. What can a signed Form 8332 NOT transfer to the noncustodial parent?

- A. Certain child-related benefits covered by the release
- B. Head of Household status, EITC, or the dependent-care credit
- C. A child's identity
- D. The right to receive tax documents

11. For a qualifying relative, why must the correct tax-year publication be checked?

- A. The gross-income limit changes
- B. The relationship rules never apply
- C. Support is irrelevant

D. All relatives automatically qualify

12. How should separate tax benefits connected to one child be analyzed?

A. All together under one rule

B. Each benefit independently

C. Only based on who has the Social Security card

D. Only based on a custody opinion

13. Which household situation should cause a preparer to pause and investigate?

A. Parents live apart and both expect to claim the child

B. The taxpayer provides complete consistent records

C. No one else may claim the child

D. The household facts are fully documented

14. What does a Social Security card prove in a dependent analysis?

A. Tax eligibility

B. Identity, but not by itself tax eligibility

C. Head of Household status

D. Who provided support

15. What is the general rule for gross income?

A. Only income reported on a form is taxable

B. Income from any source is generally included unless the law excludes it

C. Cash income is never taxable

D. A missing information return makes income nontaxable

16. Does receiving a Form 1099 automatically determine the final tax treatment?

A. Yes

B. No; the preparer must understand the underlying transaction

C. Only for business income

D. Only when the amount exceeds $600

17. Which is listed as a common type of income?

A. Loan proceeds that must be repaid

B. Child support

C. Gambling winnings

D. A bona fide gift to the recipient

18. Which item is generally not income according to the lesson?

A. Wages

B. Interest

C. Child support

D. Business income

Answer Key

Check your answers after completing the worksheet.

1. B — The taxpayer's current-year facts

2. B — "Tell me who lived in your home during 2025."

3. B — Independently confirm the current year's facts

4. A — Form 1095-A

5. C — The last day of the tax year

6. B — It combines both spouses' income, deductions, credits, and responsibility on one return

7. A — Being the primary earner

8. B — Two years

9. A — Relationship, age, residency, support, and joint-return status

10. B — Head of Household status, EITC, or the dependent-care credit

11. A — The gross-income limit changes

12. B — Each benefit independently

13. A — Parents live apart and both expect to claim the child

14. B — Identity, but not by itself tax eligibility

15. B — Income from any source is generally included unless the law excludes it

16. B — No; the preparer must understand the underlying transaction

17. C — Gambling winnings

18. C — Child support