ERO Business Foundations

Homework Worksheet - Multiple Choice

Choose the best answer for each question.

1. What does ERO stand for?

A. Electronic Return Originator

B. Electronic Refund Operator

C. Enrolled Return Officer

D. Electronic Revenue Organizer

2. Which statement best describes an ERO?

A. An IRS-authorized e-file provider that begins electronic submission of tax returns

B. Any person with a PTIN

C. A bank that issues refund advances

D. A state licensing agency

3. What does a PTIN primarily identify?

A. The tax software company

B. The individual paid preparer

C. The authorized e-file firm

D. The taxpayer's bank

4. What does an EFIN primarily identify?

A. The individual taxpayer

B. The preparer's continuing education

C. An authorized e-file provider or firm

D. A refund transfer account

5. Which statement correctly compares a PTIN and an EFIN?

A. They are interchangeable

B. A PTIN identifies the preparer, while an EFIN identifies the authorized e-file provider or firm

C. Every PTIN holder automatically owns an EFIN

D. An EFIN identifies only the individual preparer

6. Which is one of the three main steps listed for becoming an authorized IRS e-file provider?

A. Open a storefront

B. Pass a suitability check

C. Purchase bank products

D. Hire two preparers

7. Which provider option is usually selected when a firm wants to electronically file client returns?

A. Software Developer

B. Electronic Return Originator

C. Reporting Agent

D. Transmitter only

8. How long does the lesson say approval of an e-file application can take from submission?

A. Up to 7 days

B. Up to 14 days

C. Up to 30 days

D. Up to 45 days

9. What is a compromised EFIN?

A. An expired PTIN

B. An EFIN used by an unauthorized user

C. A rejected return

D. A missing signature

10. Which practice best protects an EFIN?

A. Share one login with the team

B. Allow transmission without review

C. Use individual accounts and monitor filing activity

D. Post credentials for staff access

11. According to the lesson, when should e-file application information be updated after certain changes?

A. Within 24 hours

B. Within 7 days

C. Within 30 days

D. Only at renewal

12. Which action best supports professional business finances?

A. Mix business and personal funds

B. Use a business bank account to track business activity

C. Use only cash with no records

D. Run payroll through a personal account

13. What does E&O; stand for?

A. Electronic Operations

B. Errors and Omissions

C. E-file Oversight

D. Employment and Organization

14. Which office model combines in-person and online service?

A. Virtual

B. Physical

C. Hybrid

D. Seasonal

15. What does WISP stand for?

A. Written Information Security Plan

B. Web Information Storage Program

C. Workplace Identity Safety Policy

D. Written IRS Software Procedure

16. Which is a recommended security practice?

A. Share passwords

B. Disable MFA

C. Limit access by role

D. Use unsecured channels for sensitive documents

17. When should a return be transmitted in the lesson's workflow?

A. As soon as documents arrive

B. Before client review

C. Only after proper review and authorization

D. Before signatures are collected

18. What follows transmission in the basic workflow?

A. Acknowledgment tracking

B. Client inquiry

C. Business formation

D. Pricing review

19. Which group contains valid pricing factors from the lesson?

A. Complexity, time, software costs, support, and compliance review

B. Only refund amount

C. Only competitor pricing

D. Only bank product revenue

20. At an average preparation fee of $500, what revenue does the lesson associate with 500 clients?

A. $50,000

B. $125,000

C. $250,000

D. $500,000

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Homework Answer Key

1. A - Electronic Return Originator

2. A - An IRS-authorized e-file provider that begins electronic submission of tax returns

3. B - The individual paid preparer

4. C - An authorized e-file provider or firm

5. B - A PTIN identifies the preparer, while an EFIN identifies the authorized e-file provider or firm

6. B - Pass a suitability check

7. B - Electronic Return Originator

8. D - Up to 45 days

9. B - An EFIN used by an unauthorized user

10. C - Use individual accounts and monitor filing activity

11. C - Within 30 days

12. B - Use a business bank account to track business activity

13. B - Errors and Omissions

14. C - Hybrid

15. A - Written Information Security Plan

16. C - Limit access by role

17. C - Only after proper review and authorization

18. A - Acknowledgment tracking

19. A - Complexity, time, software costs, support, and compliance review

20. C - $250,000