PTIN MODULE 5

CREDITS AND DEDUCTIONS

Homework Worksheet + Answer Key

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

Student Information

Name: ________________________________ Date: ____________________

1. For tax year 2025, what is the basic standard deduction for Single or Married Filing Separately?

A. $15,750

B. $23,625

C. $31,500

D. $12,500

2. For tax year 2025, what is the basic standard deduction for Married Filing Jointly or Qualifying Surviving Spouse?

A. $15,750

B. $23,625

C. $31,500

D. $25,000

3. What is the basic standard deduction for Head of Household for tax year 2025?

A. $15,750

B. $23,625

C. $31,500

D. $12,500

4. Which statement about the standard deduction is correct?

A. Every taxpayer automatically gets the full amount

B. Dependency status can affect the amount

C. Homeowners must itemize

D. Age never affects the deduction

5. Which expense may be included in itemized deductions when the applicable rules are met?

A. Qualifying charitable contributions

B. All personal expenses

C. All rent paid

D. All groceries

6. What should a preparer do when deciding between the standard deduction and itemizing?

- A. Assume homeowners should itemize
- B. Compare the allowable totals
- C. Always use Schedule A
- D. Choose whichever creates the largest refund without support

7. What do adjustments to income reduce?

- A. Tax liability directly dollar for dollar
- B. Income in arriving at adjusted gross income
- C. Only itemized deductions
- D. Only refundable credits

8. Which can be an adjustment to income when the rules are met?

- A. Deductible IRA contribution
- B. All mortgage payments
- C. Child support paid automatically
- D. Any personal loan interest

9. Why should an adjustment not be carried forward automatically from last year's return?

- A. Eligibility depends on current-year facts
- B. Adjustments never repeat
- C. Only itemizers can claim them
- D. Software automatically rejects them

10. Which temporary deduction is reported on Schedule 1-A for 2025 returns under the lesson?

- A. Qualified tips deduction
- B. Standard deduction
- C. Child Tax Credit
- D. Foreign tax credit

11. What is the maximum qualified tips deduction stated in the lesson?

- A. $10,000
- B. $12,500
- C. $25,000

D. $31,500

12. What part of overtime pay generally qualifies for the Schedule 1-A overtime deduction?

A. All overtime wages

B. Only the premium portion required by the Fair Labor Standards Act

C. Only tips paid during overtime

D. All wages above 40 hours regardless of law

13. Which vehicle loan may potentially qualify for the passenger vehicle loan interest deduction described in the lesson?

A. A used vehicle loan

B. A lease

C. A qualifying new vehicle loan originated after December 31, 2024

D. Any personal vehicle loan

14. What is the enhanced senior deduction amount stated in the lesson for one eligible taxpayer age 65 or older?

A. Up to $6,000

B. Up to $12,000

C. Up to $25,000

D. Up to $2,200

15. What is the key difference between a deduction and a credit?

A. A deduction reduces income; a credit generally reduces tax

B. They are the same

C. A deduction always creates a refund

D. A credit only reduces income

16. What is the maximum EITC stated in the lesson for tax year 2025 with three or more qualifying children?

A. $649

B. $4,328

C. $7,152

D. $8,046

17. What is the Child Tax Credit worth up to per qualifying child for tax year 2025 according to the lesson?

A. $500

- B. $1,700
- C. $2,200
- D. $2,500

18. What does the PATH Act generally do to refunds claiming EITC or ACTC?

- A. Requires immediate payment
- B. Prevents the IRS from issuing the refund before mid-February
- C. Only delays the credit portion
- D. Guarantees a deposit date

Answer Key

Check your answers after completing the worksheet.

1. A — $15,750

2. C — $31,500

3. B — $23,625

4. B — Dependency status can affect the amount

5. A — Qualifying charitable contributions

6. B — Compare the allowable totals

7. B — Income in arriving at adjusted gross income

8. A — Deductible IRA contribution

9. A — Eligibility depends on current-year facts

10. A — Qualified tips deduction

11. C — $25,000

12. B — Only the premium portion required by the Fair Labor Standards Act

13. C — A qualifying new vehicle loan originated after December 31, 2024

14. A — Up to $6,000

15. A — A deduction reduces income; a credit generally reduces tax

16. D — $8,046

17. C — $2,200

18. B — Prevents the IRS from issuing the refund before mid-February