PTIN MODULE 7

TAX PREPARATION WORKFLOW

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 first step in the controlled return workflow?

   - A. Transmit the return
   - B. Complete intake and identity verification
   - C. Review the refund screen
   - D. Deliver the accepted return

2. After collecting documents, what should the preparer do next?

   - A. Conduct the interview and record open items
   - B. File immediately
   - C. Skip to signatures
   - D. Contact the IRS

3. What should be reconciled before review?

   - A. Income, withholding, dependents, and payments
   - B. Only the refund amount
   - C. Only W-2s
   - D. Only state withholding

4. What should happen before transmission?

   - A. Perform diagnostics and a preparer review
   - B. Assume software is correct
   - C. Ignore open items
   - D. Skip signatures

5. Should 'transmitted' be treated as 'accepted'?

   - A. Yes
   - B. No
   - C. Only for federal returns
   - D. Only if there is a refund

6. What proof should be retained after e-filing?

A. Only a screenshot of the refund

B. Federal and state acknowledgments

C. Only the signed 8879

D. Nothing

7. What should be reviewed before e-filing Form 1040?

A. Only the refund screen

B. The actual return and required schedules

C. Only the prior-year return

D. Only bank information

8. If the current return differs from the prior year, what should the preparer do?

A. Assume it is an error

B. Make sure the difference is explainable

C. Force it to match

D. Ignore it

9. What does an e-file rejection mean?

A. The return was accepted with conditions

B. The return was not accepted

C. The refund is delayed but approved

D. The return is amended

10. What should a preparer do after a rejection?

A. Read the reject code, correct the cause with authorization, and retransmit promptly

B. Change facts to force acceptance

C. File an amendment immediately

D. Do nothing

11. Is Form 1040-X used to replace a rejected original return?

A. Yes

B. No

C. Only for state returns

D. Only with IRS permission

12. Before amending a return, what should be obtained?

A. The original return, changed documents, reason for change, and any IRS adjustment notices

B. Only the taxpayer's verbal request

C. Only the new W-2

D. Only the refund amount

13. What should be done first when a client receives an IRS notice?

A. Confirm authenticity and review the tax year and deadline

B. Ignore it

C. Call the IRS without authorization

D. Amend immediately

14. Does a PTIN alone create representation authority?

A. Yes

B. No

C. Only for notices

D. Only for amended returns

15. What does an extension generally extend?

A. Time to pay

B. Time to file

C. Both filing and payment automatically

D. Neither

16. What should a preparer do when a taxpayer cannot pay in full?

A. Delay filing

B. File an accurate return and explain payment options

C. Change income to reduce the balance

D. Ignore the balance

17. Should filing be delayed solely because the taxpayer owes?

A. Yes

B. No

C. Only if the balance is large

D. Only for state returns

18. What should be documented regarding balances due and extensions?

A. The liability estimate, payment options, and conversation

B. Only the taxpayer's signature

C. Nothing if the client agrees

D. Only the payment confirmation

Answer Key

Check your answers after completing the worksheet.

1. B — Complete intake and identity verification

2. A — Conduct the interview and record open items

3. A — Income, withholding, dependents, and payments

4. A — Perform diagnostics and a preparer review

5. B — No

6. B — Federal and state acknowledgments

7. B — The actual return and required schedules

8. B — Make sure the difference is explainable

9. B — The return was not accepted

10. A — Read the reject code, correct the cause with authorization, and retransmit promptly

11. B — No

12. A — The original return, changed documents, reason for change, and any IRS adjustment notices

13. A — Confirm authenticity and review the tax year and deadline

14. B — No

15. B — Time to file

16. B — File an accurate return and explain payment options

17. B — No

18. A — The liability estimate, payment options, and conversation