



Internal Revenue Service

Enrolled Agent Special Enrollment Examination

Candidate Information Bulletin

For examination period May 1, 2014 to February 28, 2015

Register online at www.prometric.com/see

Published by Prometric

**Providing License Examinations for the Internal Revenue Service
(IRS)**

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Contents

Introduction	1	Non-disclosure agreement	5
A message from the IRS	1	Reference materials	5
At a glance	1	Calculator usage	6
Registering and scheduling an examination appointment	2	Scratch paper	6
First step is to obtain a PTIN	2	Test center climate	6
To get your PTIN online	2	Test center regulations	6
PTIN renewal	2	Question types	7
Registration process	2	Examination results	8
Scheduling an examination	2	Feedback	8
Testing fee	3	Written inquiries	9
Examination locations	3	Applying for enrollment	9
Rescheduling an appointment	3	Rescheduling failed examination parts	9
If absent or late for your appointment	3	Carryover policy	9
Emergency closings	3	Examination content outlines	10
Testing accommodations	4	Part 1 — Individuals	10
Preparing for your examination	4	Part 2 — Businesses	11
Study materials	4	Part 3 — Representation, Practices and Procedures	12
Examination topics overview	4	Important Test Day Checklist	16
Taking your examination	5		
Test center procedures	5		

Introduction

A message from the IRS

An enrolled agent is a person who has earned the privilege of representing taxpayers before the Internal Revenue Service by passing a three-part comprehensive IRS test. A person wishing to become an enrolled agent must pass a three-part Special Enrollment Examination (SEE) as well as a suitability check. The information contained in this bulletin will help explain the steps needed to take the SEE and to become an enrolled agent. We wish you well in preparing for your examination.

At a glance

Follow these steps if you are interested in becoming an enrolled agent.



To become an enrolled agent

- 1 Review this bulletin thoroughly to understand examination registration.
- 2 Contact Prometric to register for your examination, schedule an appointment, and pay to take the examination. (See Page 2.)
The quickest way to register is online at www.prometric.com/see.
- 3 Prepare for your examination. (See Page 4.)
The examination topics listed in this bulletin on Page 10 are the basis for the examination.
- 4 Bring the required identification to the test center and take the scheduled examination. (See Page 5.)
You will receive your results immediately after the examination.
- 5 Upon successfully passing all three parts of the examination, complete the IRS Application for Enrollment to Practice Before the Internal Revenue Service (Form 23) available online at Pay.gov.



To get answers not provided in this bulletin

Direct all questions and requests for information about the examination to:

Prometric

Attn: IRS Special Enrollment Examination
7941 Corporate Drive
Nottingham, MD 21236

Scheduling: 800.306.3926.

Web site: www.prometric.com/see

Registration Fax: 800.347.9242

Phone numbers for candidates testing outside the United States can be found by going to www.prometric.com/see and clicking on "Contact Numbers-Including International Contacts", on the left side.

Direct questions about applying for enrollment to:

Internal Revenue Service, Office of Enrollment

Phone: 855-472-5540 toll-free

Fax: 313.234.1622

E-mail: EPP@irs.gov

Answers to many questions can be found at www.irs.gov/taxpros/agents.

Registering and scheduling an examination appointment

First step is to obtain a PTIN

Applicants must have a Preparer Tax Identification Number (PTIN) issued by the Internal Revenue Service (IRS) in order to register to take the examination.

To get your PTIN online

The IRS Tax Professional PTIN Sign-up System is available at www.irs.gov/ptin. Once online, you will need to:

Create Your Account — Provide your name, email address, and security question information. The system will then email your temporary password, which you will change when you go back to enter your information in the PTIN application.

Apply for Your PTIN — Complete the online application by providing personal information, information about your previous year's tax return, professional credentials, and more.

Pay Your Fee — Make your payment of \$64.25 by credit card, direct debit, or eCheck.

Get Your PTIN — After the bank confirms your payment, you will receive your PTIN.

It takes about 15 minutes to sign up online and receive your PTIN. If you opt to use the paper application, **Form W-12** IRS Paid Preparer Tax Identification Number (PTIN) Application, it will take 4-6 weeks to process.

PTIN renewal

PTINs must be renewed annually by December 31 for the following year. Renewal Open Season begins each year in mid-October.

Registration process

The quickest way to register and schedule an examination is online.

To register and schedule an examination online, follow these steps:

Access www.prometric.com/see and click **Register for your test**.

If it is your first time, click **Create Account** to set up your user ID and password.

Complete the registration process by clicking on **Scheduling**.

Candidates may also register by calling Prometric at 800.306.3926 or completing IRS Form 2587.

Scheduling an examination

You may take each part of the examination at your convenience. Parts do not have to be taken on the same day or on consecutive days. You may take examination parts up to four times each during each test window. The current test window is May 1, 2014 to February 28, 2015.

Once your registration has been processed, you can schedule an examination appointment at any time online at www.prometric.com/see or by calling 800.306.3926 between 8 a.m. and 8 p.m. (ET), Monday through Friday. You will receive a number confirming your appointment. Keep this confirmation number for your records—you will need it to reschedule, cancel, or change your appointment. You must register for an examination part each time you schedule an examination.



Note You must schedule your examination within two **years** from the date your registration form has been processed by Prometric. Testing is not available in the months of March and April each year while the system is updated.

Testing fee

The testing fee is \$109 for **each part** of the examination. This fee is paid at the time you schedule your examination. Accepted forms of payment include MasterCard, Visa, American Express, and Diner's Club cards bearing the MasterCard symbol. Electronic checks are also accepted when scheduling by phone. **Money orders, paper checks and cash are not accepted.**

Examination testing **fees are not refundable or transferable.**

Examination locations

Examinations are administered by computer at Prometric test centers. Test centers are located in most major metropolitan areas. A list of test centers, addresses and driving directions is located at www.prometric.com/see. In the box titled **Do More**, click on "Continue" and select your preferred location. Most locations are open on Saturdays and some locations are open on Sundays and evenings.

Rescheduling an appointment

If you need to reschedule an examination for another date, time, or location, you must contact Prometric.

Rescheduling fees will apply as follows:

No fee if you reschedule at least **30 calendar days** prior to your appointment date.

\$35 fee if you reschedule **5 to 29 calendar days** before your appointment date.

Another full examination fee if you reschedule **less than five calendar days** before your appointment date.



Note Rescheduling an examination must be done online at www.prometric.com/see or by calling 800.306.3926. You cannot reschedule an examination by fax, e-mail or voicemail. Customer Service Representatives are available to take your call Monday through Friday, between 8:00 a.m. and 8:00 p.m. Eastern Time.

If absent or late for your appointment

If you are 30 minutes late for your appointment you will not be permitted to test. If you miss your appointment or arrive late and are not allowed to test, your entire examination fee will be forfeited and you must pay another examination fee to schedule a new appointment.

Emergency closings

Severe weather or an emergency could require canceling scheduled examinations. If this occurs, Prometric will attempt to contact you by phone or e-mail; however, you may check for testing site closures at www.prometric.com/sitestatus. If the test center is closed, your examination will be rescheduled without a rescheduling fee.

If a test center is open and you choose not to appear for your appointment, your fee will be forfeited. You must then reschedule your examination and pay another full examination fee.

Testing accommodations

If you require testing accommodations such as for disabilities, please call Prometric at 888.226.9406 to obtain an accommodation request form.

Preparing for your examination

Study materials

When studying for the examination, you may wish to refer to the Internal Revenue Code, Treasury Department Circular 230, IRS publications, and IRS tax forms and their accompanying instructions. Current and prior year versions of Circular 230, IRS publications, forms and instructions are accessible online at www.irs.gov/Forms-&-Pubs.

IRS Tax Map may also be useful when studying for the exam. Tax Map gathers IRS forms, instructions, publications, and web pages by topic and organizes links to these sources on a single topic page. IRS Tax Map is available at www.taxmap.ntis.gov. Content on Tax Map is tax year specific, and you can research from TY 2013 back to TY 2008.



Important From May 1, 2014 — February 28, 2015, all references on the examination are to the Internal Revenue Code, Forms and Publications, as amended through December 31, 2013. Also, unless otherwise stated, all questions relate to the calendar year 2013.

Examination topics overview

The examination contains three parts. Each part contains 100 multiple-choice questions. The length of each part is 3.5 hours (not including the pre-examination tutorial and post-examination survey). An on-screen timer is provided, showing the time remaining. The parts of the examination are:

SEE1: Part 1 — Individuals

SEE2: Part 2 — Businesses

SEE3: Part 3 — Representation, Practices and Procedures

Detailed content outlines for each examination part appear in this bulletin beginning on Page 10.

Prometric conducted a survey of enrolled agents to determine the tasks that they perform and the knowledge needed to perform those tasks. Based on the survey, a test blueprint was developed as well as test questions.



Note You can view copies of prior Special Enrollment Examination questions and answers by going www.irs.gov/taxpros/agents.

Taking your examination

Test center procedures

Your examination will be administered via computer at a Prometric test center. You do not need any computer experience or typing skills to take your examination. Before you start the examination, you will receive a personalized introduction to the testing system. You can also take a pre-examination tutorial if you wish. You should arrive at the test center at least **30 minutes before** your scheduled examination appointment.

Identification required

You must present a valid, nonexpired form of identification before you can test. That identification document **must**:

Be government-issued (e.g., driver's license, passport, state-issued identification card or military identification card);

Contain **both** a current photo and your signature (if it does not, you must present two government-issued identification cards: one with your photo and one with your signature);

Closely resemble your appearance on the date of testing; and

Have a first and last name that exactly matches the first and last name used to register for the examination.



Important Failure to provide appropriate identification at the time of the examination is considered a missed appointment. As a result, you forfeit your examination fee.

If you cannot provide identification that meets the requirements listed above, contact Prometric **before** scheduling your appointment to arrange an alternative way to meet this requirement.

If you have an identification that is damaged, clipped, altered, or marked in any way, Prometric reserves the right to turn you away and you will forfeit your test fee.

Non-disclosure agreement

In order to access the examination, candidates must read and agree to the terms of the non-disclosure agreement with IRS which reads:

This exam is confidential and proprietary. It is made available to you, the examinee, solely for the purpose of assessing your proficiency level in the skill area referenced in the title of this exam. You are expressly prohibited from disclosing, publishing, reproducing, or transmitting this exam, in whole or in part, in any form or by any means, verbal or written, electronic or mechanical, for any purpose, without the prior express written permission of the IRS.

Reference materials

The examinations are closed book, so no reference materials, papers, or study materials are allowed at the test center. You will not be able to leave the testing room with a copy of any notes taken during the examination. Some examination questions may contain excerpts from the Internal Revenue Code or Income Tax Regulations.

Calculator usage

You will be able to use an onscreen calculator during the examination. Prometric will furnish you with a handheld calculator that is silent, solar or battery-operated, and nonprogrammable (without paper tape-printing capabilities or alphabetic keypads) to use during the examination. You **are not allowed** to bring your own calculator to the test center.

Scratch paper

You will be provided with a packet of scratch paper and a pencil to use during the examination. You may not bring your own scratch paper or pencil. The test center administrator will collect all scratch paper (used and unused) upon completion of the examination. Removing scratch paper from the test center is considered an act of misconduct.

Test center climate

Test center temperatures may be cooler or warmer than your comfort level. Please consider wearing several layers of clothing. Any clothing removed must be stored in your locker. Hats and outerwear, such as coats, are not permitted in the testing room.

Test center regulations

To ensure that all candidates are tested under equally favorable conditions, the following regulations and procedures will be observed at each test center. Prometric reserves the right to audiotape and videotape any test session.

- 1 You will be continuously monitored by video, physical walk-throughs and the observation window during your test.
- 2 You must present valid (unexpired) and acceptable identification in order to take your test. (See "Identification required" in the above section).
- 3 You are required to sign out on the test center roster each time you leave the test room. You must also sign back in and show your identification to the test center administrator in order to be re-admitted to the test room.
- 4 You are **prohibited** from communicating, publishing, reproducing, or transmitting any part of your test, in any form or by any means, verbal, written, or electronic, for any purpose.
- 5 You **must not** talk to other candidates or refer to their screens, testing materials, or written notes in the test room.
- 6 You **may not** use your own written notes, published materials, or other testing aids during your test. Any materials that you are allowed to use during the test will be provided to you by Prometric at the test site on the day of testing.
- 7 You are **allowed** to bring your own soft earplugs or use test center-supplied sound dampening headphones in the test room.
- 8 Any clothing or jewelry items allowed to be worn in the test room must remain on your person at all times. Removed clothing or jewelry items must be stored in your locker.
- 9 You **must not** bring any personal/unauthorized items into the test room. Such items include but are not limited to outerwear, hats, food, drinks, purses, briefcases, notebooks, pagers, watches, cellular telephones, recording devices, and photographic equipment. Weapons are not allowed at any Prometric Test center. You will be asked to empty and turn your pockets inside out prior to every entry into the test room to confirm that you have no prohibited items.
- 10 You will be scanned with a metal detector wand prior to every entry into the test room. If you refuse, you cannot test.

- 11 You **must** return all materials issued to you by the test center administrator at the end of your test.
- 12 You are **not allowed** to use any electronic devices or phones during breaks.
- 13 Your test has **no scheduled breaks**. Unscheduled breaks are **only** permitted in order to access the bathroom or lockers. The test timer will continue to count down during an unscheduled break. Candidates are not permitted to leave the test center during the test and doing so will result in the test being terminated.
- 14 Repeated or lengthy departures from the test room for unscheduled breaks will be reported by the test center administrator.
- 15 If you need access to an item stored in the test center locker during a break such as food, water or medicine, you must inform the test center administrator **before** you retrieve the item. **During the test you are not allowed to access notes, books, reference materials or electronic devices.**
- 16 You must conduct yourself in a civil manner at all times when on the premises of the test center. Exhibiting abusive behavior towards the test center administrator, or any other staff member of the test center, is considered misconduct and will be reported to the IRS.
- 17 To protect the privacy of all testers, the test center administrator can neither confirm nor deny if any particular individual is present or scheduled at the test center.
- 18 Persons not scheduled to take a test are not permitted to wait in the test center.

If questions arise. Test center administrators are not allowed to answer any questions pertaining to the examination content. If you do not understand a question on the examination, you should answer the question to the best of your ability.

Failure to follow any of these security procedures may result in the disqualification of your examination. The IRS takes candidate misconduct, including cheating, very seriously. If the IRS determines that a candidate is culpable of misconduct or has cheated, the candidate will be subject to a variety of penalties including, but not limited to, invalidation of test scores, disqualification from subsequent test administrations, and civil and criminal penalties. In cases where candidate misconduct or cheating is discovered after a candidate has obtained an enrolled agent card, the IRS may rescind the card.

Question types

The questions on your examination are multiple choice. Each question provides four options from which you choose your answer. Candidates should select the single best answer.

Question formats. Three different multiple-choice formats are used. Each format is shown in the following examples.

Format 1—Direct question

Which of the following entities are required to file Form 709, United States Gift Tax Return?

- A. An individual
- B. An estate or trust
- C. A corporation
- D. All of the above

**Format 2—
Incomplete
sentence**

Supplemental wages are compensation paid in addition to an employee's regular wages. They **do not** include payments for:

- A. Accumulated sick leave
- B. Nondeductible moving expenses
- C. Vacation pay
- D. Travel reimbursements paid at the Federal Government per diem rate

**Format 3—All of the
following except**

There are five tests which must be met for you to claim an exemption for a dependent. Which of the following is **not** a requirement?

- A. Citizen or Resident Test
- B. Member of Household or Relationship Test
- C. Disability Test
- D. Joint Return Test

Experimental questions. Your examination may include some experimental questions that will not be scored. If present, they are distributed throughout the examination and will not be identified as such. These are used to gather statistical information on the questions before they are added to the examination as scored items. These experimental questions **will not** be counted for or against you in your final examination score.

Examination results

You will receive a printed score report after you have completed the test. Examination scores are confidential and will be revealed only to you and the IRS.

Scaled scores are determined by calculating the number of questions answered correctly from the total number of questions in the examination and converting to a scale that ranges from 40 to 130. The IRS has set the scaled passing score at 105, which corresponds to a minimum level of knowledge deemed acceptable by those persons who will be practicing before the IRS as an enrolled agent.

Pass. If you pass, the score report will show a passing designation. It will not show a score. All score values above passing indicate that a candidate *is* qualified — not *how* qualified. When you pass all three parts of the examination, you may apply for enrollment. (See Page 9.)

Fail. If you fail, your score report will show a scaled score between 40 and 104. You will also receive diagnostic information to assist you with future examination preparation. Diagnostic information will show an indicator of 1, 2, or 3 meaning:

- 1 Area of weakness where additional study is necessary. It is important for you to focus on this domain as you prepare to take the test again. You may want to consider taking a course or participating actively in a study group on this topic.
- 2 May need additional study.
- 3 Clearly demonstrated an understanding of subject area.



Important You must reschedule and pass any parts of the examination you failed prior to applying for enrollment.

Feedback

Candidates will be surveyed at the conclusion of the examination, which will allow you to provide both Prometric and the IRS with feedback on the examination questions or the testing experience.

Written inquiries

If you have a question or concern, you may write to:

Prometric
ATTN: IRS SEE Feedback
7941 Corporate Drive
Nottingham, MD 21236

Please include your name, PTIN, the examination name, the date you tested, and the details of your concern. Concerns relating to specific examination questions must be submitted in writing.

Applying for enrollment

After passing all three parts of the examination, you may apply for enrollment via Form 23, *Application for Enrollment to Practice Before the Internal Revenue Service*, within one year of the date you passed all parts of the examination. You may electronically file Form 23 and pay the application fee at Pay.gov. Copies of the score report do not need to be submitted to the IRS when submitting your application for enrollment (Form 23).

As part of the evaluation of your enrollment application, the Internal Revenue Service will conduct a suitability check that will include a review of your personal tax compliance.

Rescheduling failed examination parts

You do not need to take more than one part of the examination (SEE 1, SEE 2 or SEE 3) on the same day or consecutive days. Between the May 1 and February 28 test window, you may take each part of the examination up to four times.

If you fail any part of the examination, you must re-register with Prometric online at www.prometric.com/see or by calling 800.306.3926.

If you do not pass a part of the examination after four attempts during the May 1 to February 28 test window, you must wait until the next test window before attempting to retake any failed part of the examination again.

Carryover policy

Carryover of scores. Candidates who pass a part of the examination can carry over passing scores up to two years from the date the candidate took the examination. For example, assume a candidate took and passed part 1 on November 15, 2011. Subsequently the candidate took and passed part 2 on February 15, 2012. That individual has until November 14, 2013 to pass the remaining part. Otherwise, he/she loses credit for part 1. On February 14, 2014, if that individual still has not passed all other parts of the examination, he/she loses credit for part 2.

Examination content outlines

The following is a list of topics for each part of the examination. Not every topic on the list will necessarily appear on the examination and the list should not be viewed as all-inclusive. Some topics may appear in more than one examination part. However, this list is based on

the results of a survey sent to over 10,000 enrolled agents and it represents the knowledge needed for the tasks performed by enrolled agents.

This list is also available online at www.prometric.com/see.

Part 1 – Individuals

Section 1: Preliminary Work and Taxpayer Data – 15 items

Preliminary work to prepare tax returns

- Use of prior years' returns for comparison, accuracy, and carryovers of current year's return
- Taxpayer biographical information (e.g., date of birth, marital status, dependents)
- Residency status and/or citizenship (e.g., citizen, visas, green cards, resident alien or non-resident alien)
- Taxpayer filing status (e.g., single, MFJ, MFS, QW, HOH)
- Sources of all taxable and non-taxable income (e.g., interest, wages, business, sales of property, dividends, rental income, flow-through entities, alimony received)
- Sources of applicable adjustments to gross income (e.g., retirement plans, HSAs, alimony paid, health insurance, moving expenses, self-employment tax)
- Sources of applicable deductions (e.g., itemized, standard)
- Sources of applicable credits (e.g., education, foreign tax, retirement, energy, dependent care)
- Sources of tax payments and refundable credits (e.g. withholding, estimated payments, earned income tax credit)
- Previous IRS correspondence with taxpayer
- Additional required returns filed taxes paid (e.g., employment, gifts, and information returns)
- Special filing requirements (e.g. foreign income, presidentially declared disaster areas, Form 1040-NR)
- Foreign account and asset reporting (e.g., FBAR, Form 8938)

Taxpayer data

- Filing requirements for tax returns and extensions (e.g., dates)
- Personal exemptions including dependents
- Minor children's unearned income (Kiddie tax)

Section 2: Income and Assets – 25 items

Income

- Taxability of wages, salaries and other earnings (e.g., earned income, statutory employee)
- Interest Income (e.g., taxable and non-taxable)
- Dividends and other distributions from mutual funds, corporations, and other entities (e.g., qualified dividends)
- Rental income and expenses (e.g., vacation homes, not-for-profit rentals, calculation of depreciation)
- Gambling income and allowable deductions (e.g., W-2G, documentation)
- Tax treatment of forgiveness of debt (e.g., 1099C, foreclosures)
- Tax treatment of a U.S. citizen/resident with foreign income (e.g., individual tax treaties, form 2555)
- Other income (e.g., scholarships, fellowships, Social Security benefits, barter income, independent contractor income, hobby income, alimony, non-taxable combat pay, unearned income, taxable recoveries)
- Constructive receipt of income (e.g., cash vs accrual)
- Constructive dividends (e.g., payments of personal expenses)
- Passive income and loss (e.g., loss limitations)
- Royalties and related expenses

Retirement income

- Basis in a traditional IRA (Form 8606)
- Comparison of, and distributions from, traditional and Roth IRAs

- Distributions from qualified and non-qualified plans (e.g., pre-tax, after-tax, rollovers, 1099R)
- Excess contributions and tax treatment (e.g., penalties)
- Prohibited transactions and tax effects
- IRA conversions and recharacterizations (Form 8606)
- Required minimum distributions and excess accumulations
- Loans from IRC section 401(k) plans and other qualified plans
- Taxability of Social Security benefits

Property, real and personal

- Capital gains and losses (e.g., netting effect, short-term, long-term)
- Basis of assets (e.g., purchased, gifted or inherited)
- Basis of stock after stock splits and/or stock dividends (e.g., research, schedules, brokerage records)
- Sale or disposition of property
- Sale of a personal residence (e.g., Sec 121 exclusions)
- Installment sales (e.g., related parties, original cost, date of acquisition, possible recalculations and recharacterization)
- Options (e.g., stock, commodity, ISO, ESPP)
- Like-kind exchange
- Non-business bad debts (e.g., documentation required)

Adjustments to income

- Self-employment tax
- Retirement contribution limits and deductibility (e.g., earned compensation requirements)
- Health savings accounts
- Other adjustments to income (e.g., student loan interest, alimony, moving expenses, write-in adjustments)

Section 3: Deductions and Credits – 25 items

Itemized deductions

- Medical and dental expenses
- Various taxes (e.g., state income, personal property, real estate)

Interest expense (e.g., mortgage interest, investment interest, tracing rules, points)
 Charitable contributions (e.g., cash, non-cash, 50% vs 30%, documentation required)
 Nonbusiness casualty and theft losses
 Miscellaneous itemized deductions
 Employee travel, transportation, and entertainment expenses
 Other employee expenses (e.g., education, reimbursement, eligibility, home office)
 AGI limitations
 Allowed itemized deductions for Form 1040-NR

Credits

Child and dependent care credit
 Child tax credits
 Education credits
 Foreign tax credit
 Earned income tax credit (e.g., paid preparer's earned income credit checklist, eligibility and disallowance)
 Retirement contribution credit
 Adoption credits (e.g., carryovers, limitations, special needs)
 Other credits (refundable and non-refundable)

Section 4: Taxation and Advice – 20 items

Taxation

Alternative minimum tax
 Credit for prior year minimum tax
 Penalties and exceptions on premature distributions from qualified retirement plans and IRAs
 Household employees
 Underpayment penalties and interest
 Conditions for filing a claim for refund (e.g., amended returns)
 Self-employment tax
 Excess social security withholding
 Tax provisions for members of the clergy

Advising the individual taxpayer

Reporting obligations for individuals
 Property sales (e.g., homes, stocks, and businesses)
 Education planning (e.g., lifetime learning credit, IRC section 529 plans)
 Estate planning (e.g., gift versus inheritance, trusts, family partnerships, charitable giving, LTC, life insurance)

Retirement planning (e.g., annuities, IRAs, employer plans, early retirement rules, required minimum distribution, beneficiary ownership)
 Marriage and divorce (e.g., divorce settlement, common-law, community property)
 Items that will affect future returns (e.g., carryovers, net operating loss, Schedule D, Form 8801)
 Injured spouse
 Innocent spouse
 Estimated Tax
 Adjustments, deductions, and credits for tax planning
 Use of capital gain rates versus ordinary income rates (e.g., character of transaction)

Section 5: Specialized returns for individuals – 15 items

Estate tax

Gross estate
 Taxable estate: calculations and payments
 Unified credit
 Jointly held property
 Life insurance and taxable estate
 Marital deduction and other marital issues
 IRAs and retirement plans
 Filing requirements

Gift tax

Gift-splitting
 Annual per donee exclusion
 Unified credit
 Effect on estate tax (e.g., Generation skipping transfer tax)
 Filing requirements

Part 2 – Businesses

Section 1: Business Entities – 45 items

Business entities

Types of business entities and their filing requirements:
 Sole proprietorships
 Partnerships
 Corporations
 S corporations
 Farmers
 LLCs
 Tax-exempt entities and associations
 Elections for type of entity
 Employer identification number
 Accounting periods (tax year)
 Accounting methods

Partnerships

Partnership income, expenses, distributions, and flow-through (e.g. self-employment income)
 Family partnerships

Partner's dealings with partnership (e.g., exchange of property, guaranteed payments, contribution of property to partnership)
 Basis of partner's interest
 Disposition of partner's interest
 Partnership formation (e.g., partnership agreement, general vs. limited partners, capital contributions)
 Dissolution of partnership (e.g., sale, death of partner)
 Filing requirements and due dates
 Services rendered in return for partnership interest
 Debt discharge

Corporations in general

Filing requirements and due dates
 Earnings and profits
 Shareholder dividends, distributions, and recognition requirements
 Special deductions and credits (e.g., dividends received deductions, charitable deduction).
 Liquidations and stock redemptions
 Accumulated earnings
 Estimated tax payments

Forming a corporation

Services rendered to a corporation in return for stock
 IRC section 351 exchange
 Transfer and/or receipt of money or property in addition to corporate stock
 Mortgaged property transferred
 Controlled groups
 Closely held corporations
 Personal service corporations (e.g., 35% rate)

S corporations

Requirements to qualify
 S corp income, expenses, and separately stated items
 Treatment of distributions (e.g., reasonable compensation)
 Shareholder's basis (e.g., loan basis, distributions and losses in excess of basis)
 Revocation, termination and reinstatement
 Debt discharge
 Non-cash distributions
 Election procedure

Section 2: Business Financial Information – 40 items

Business income

Gross business income
 Cost of goods sold (e.g., inventory practices, expenditures included, uniform capitalization rule)
 Net income, net operating losses, and loss limitations

including passive activity and at risk limitations
 Gain or loss on disposition of depreciable property
 Cancellation of business debt
Business expenses, deductions and credits
 Employees' pay (e.g., deductibility of compensation, fringe benefits, rules of family employment, statutory employee, necessary and reasonable)
 Reporting requirements for contractors and employees (e.g., W-2, W-4, Form 1099)
 Business rental deduction
 Depreciation, amortization, IRC section 179, and depletion
 Business bad debts
 Business travel, entertainment, and gift expenses
 Interest expense
 Insurance expense
 Taxes (e.g., deductibility of taxes, assessments, and penalties; proper treatment of sales taxes paid)
 Employment taxes
 Federal excise tax
 Casualties, thefts, and condemnations
 IRC section 199 deduction (domestic production activities)
 Eligibility and deductibility of general business credits (e.g., disabled access credit, investment credit)
 Alternative minimum tax net operating loss deduction
 Home office
Business assets
 Basis of assets
 Disposition of depreciable property
 Like kind exchange
Analysis of financial records
 What type of business (e.g., service, retail, manufacturer, or farm)
 Income statement
 Balance sheet (e.g., proofing beginning and ending balances)
 Method of accounting (e.g., accrual, cash, hybrid)
 Depreciation and amortization
 Depreciation recovery (e.g., recapture, Sec 280F)
 Pass-through activity (e.g., K-1, separately stated items, non-deductible expenses)
 Reconciliation of tax versus books (e.g., M-1, M-2, M-3)
 Related party activity
 Loans to and from owners

Advising the business taxpayer
 Filing obligations (e.g., extended returns)
 Depositing obligations (e.g., employment tax, excise tax)
 Reporting obligations for businesses, (e.g. 1099 series, 1031 exchanges, Form 8300)
 Record-keeping requirements (mileage log, accountable plans)
 Related party transactions
 Selection of business entity (e.g., benefits and detriments)
 Comingling (e.g., personal usage of business accounts, separation of business and personal accounts)
 Advice on accounting methods and procedures (e.g., explanation of requirements)
 Transfer elections in or out of the business (e.g., contributed property, distributions)
 Life cycle of the business (e.g., formation, dissolution)
 Type of industry (e.g., personal service corporation)
 Worker classification
Section 3: Specialized returns and taxpayers – 15 items
Trust and estate income tax
 Trust types (e.g., grantor, irrevocable, tax shelters)
 Distributable net income and accounting income
 Exclusions and deductions
 Fraudulent trusts
 Income in respect of a decedent
 Income (e.g., allocations)
 Separately stated items
 Filing requirements
Exempt organizations
 Qualifying for and maintaining tax-exempt status (e.g., 501(c))
 Filing requirements (e.g., 1023, 1024, 990 series)
 Unrelated business taxable income (UBTI)
Retirement plans
 Employer and employee contributions
 Reporting requirements
 Plans for self-employed persons (e.g., SEP and SIMPLE)
 Prohibited transactions
 Qualified and non-qualified plans
 Non-discrimination rules
Farmers
 Farm inventory
 Depreciation for farmers
 Various disaster-area provisions
 Disposition of farm assets
 Farm income (e.g., self-raised livestock, crop insurance proceeds)

Farm tax computation (e.g., Schedule J, Schedule SE, estimated tax)

Part 3 — Representation, Practices and Procedures

Section 1: Practices and Procedures – 35 items

Practice before the IRS
 What constitutes practice before the IRS
 Categories of individuals who may practice and extent of practice privileges
Requirements for Enrolled Agents
 Information to be furnished to the IRS
 Omission or error on return, document, or affidavit
 Rules for employing or accepting assistance from former IRS employees or disbarred/suspended persons
 Rules for restriction on advertising, solicitation and fee information
 Fee rules (e.g., contingent, unconscionable)
 Due diligence requirements
 Conflict of interest
 Rules for refund check negotiation
 Standards for written advice, covered opinions, tax return positions and preparing returns
 CPE requirements
 Tax shelters
 Enrollment cycle and renewal
 Rules for prompt disposition of matters before the IRS
 Rules for returning a client's records and documents
 PTIN requirements
 Practitioner supervisory responsibilities (Circular 230, Section 10.36)
Sanctionable acts
 Disreputable conduct that may result in a disciplinary proceeding
 Sanctions imposed by OPR
 Frivolous submissions (returns and documents)
 Fraudulent transactions (e.g., badges of fraud)
Rules and penalties
 Assessment and appeal procedures for preparer penalties
 Types of penalties (e.g., negligence, substantial understatement, overvaluation)
 Furnishing a copy of a return to a taxpayer
 Signing returns and furnishing identifying numbers

Keeping copies or lists of returns prepared
 Employees engaged or employed during a return period (e.g., Section 6060)
 Preparer penalty involving the earned income credit

Section 2: Representation before the IRS (30 items)

Power of attorney

Purpose of power of attorney
 Signature authority (e.g., extension of assessment period, closing agreement)
 Authority granted by taxpayer
 Prohibition for negotiating taxpayer refund check (e.g. cannot cash or deposit)
 Limitations on signing tax returns on behalf of taxpayer
 Proper completion of power of attorney (Form 2848)
 Alternate forms of power of attorney (durable)
 Rules for client privacy and consent to disclose
 Distinctions between power of attorney (Form 2848) and tax information authorization (Form 8821)
 Requirements to be met when changing or dropping representatives or withdrawal of representative
 Purpose of a Centralized Authorization File number
 Conference and practice requirements (Pub 216)

Building the taxpayer's case--

Preliminary work

Tax issue(s) identification with supporting details
 Potential for criminal aspects
 Competence, expertise and time to handle issue
 Conflict of interest
 Transcripts from IRS

Taxpayer financial situation

Taxpayer's ability to pay the tax (e.g., installment agreements, offer in compromise)
 General financial health (e.g., filed for bankruptcy, lawsuits, garnishments, cash flow and assets)
 Third-party research (e.g., property assessment for municipal taxes; asset values, state and local tax information)
 Discharge of the tax liability in bankruptcy
 IRS Collection Financial Standards

Supporting documentation

Financial documents (e.g., cancelled checks or equivalent, bank statements,

credit card statements, receipts, brokerage records)
 Legal documents (e.g., birth certificate, divorce decrees, lawsuit settlements)
 Prior and subsequent tax returns
 Other substantive and contemporaneous documentation (e.g., corporate minutes)
 Employment reimbursement policies
 Business entity supporting documents (e.g., partnership agreement, corporate bylaws)
 Expense records (e.g., deductible, allowable, personal, mileage log)

Legal authority and references

Internal Revenue Code
 Treasury regulations
 Revenue rulings
 Revenue procedures
 IRS notices
 Case law
 IRS publications
 Private letter rulings
 Forms and instructions
 Internal Revenue Manual
 Authoritative versus non-authoritative source material

Related issues

Statute of limitations
 Post-filing correspondence (e.g., math error notices, under reporting notices)
 Deadlines and timeliness requirements
 Third-party correspondence (e.g., witness communications, employment records)
 Freedom of Information Act requests
 Tax avoidance vs. tax evasion
 Tax return disclosure statements
 Taxpayer Advocate Service (e.g., criteria for requisition assistance)
 Identity Theft
 Higher levels of representation beyond the scope of EA representation (e.g., tax court, U.S. District Courts and U.S. Claims Court, U.S. Courts of Appeals and U.S. Supreme Court)

Section 3: Specific Types of Representation (30 items)

Representing a taxpayer in the collection process

Extension of time to pay (e.g., Form 1127-A)
 Installment agreements
 Offer in compromise (e.g., doubt as to liability, collectability or effective tax administration)
 Collection appeals program (e.g., denial of installment

agreements, discharge applications)
 Collection appeals and due process (e.g., lien and levy)
 Adjustments to the taxpayer's account (e.g., abatements)
 Requesting an audit reconsideration (e.g., documents and forms)
 Decedent Issues
 Collection notice and Notice of Federal Tax Lien
 Levy and seizure of taxpayer's property
 Case being reported Currently Not Collectable (e.g., reasons and reactivation)
 IRS Collection Summons (e.g., purposes)
 Collections statute of limitations
 Trust fund recovery penalty

Penalties and/or interest abatement

Penalties subject to abatement
 Basis for having penalties abated, or refunded
 Reasonable cause
 Basis for having interest abated or refunded
 Interest recalculation

Representing a taxpayer in audits/examinations

IRS authority to investigate
 Verification and substantiation of entries on the return
 IRS authority to fix time and place of investigation
 Steps in the process (e.g., initial meeting, submission of IRS requested information)
 Innocent spouse
 Interpretation of revenue agent report (RAR) (e.g., 30-day letter)
 Explanations of taxpayer options (e.g. agree or appeal)
 Special procedures for partnership audits (e.g., unified audit procedures for TEFRA)

Representing a taxpayer before Appeals

Right to appeal revenue agent findings
 Request for appeals consideration (e.g., preparation, elements contained)
 Enrolled Agent appearance at appeals conference
 Settlement function of the appeals process
 Issuance of 90-day letter

Section 4: Completion of the Filing Process (5 items)

Accuracy

- Use of tax software (e.g., review of results)
- Inconsistencies with the source data
- Miscalculations
- Recognition of duplicate entries

Information shared with taxpayer

- Record-keeping requirements
- Significance of signature (e.g., joint and several liability, penalty of perjury)
- Consequences of dishonesty

Record maintenance

- Length of time to retain returns and records
- List of returns prepared (name, social security number, and type of return)
- EITC due diligence requirements

Electronic filing

- Application process to be an e-file provider (e.g., EFIN, e services)
- E-file mandate
- Advertising standards
- Definition and responsibilities of an ERO
- Levels of infractions
- Compliance requirements to continue in program (e.g. timely filing, timely payment, and absence of infractions)
- Appeal process
- E-file authorization and supporting documentation (e.g., Forms 8879 and 8453)
- Rejected returns and resolution (e.g. client notification)



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If you believe that you have been discriminated, a written complaint should be sent to the Internal Revenue Service at the address below:

Operations Director, Civil Rights Division
Internal Revenue Service
1111 Constitution Avenue, NW, Room 2413
Washington, DC 20224

Important test day checklist

You may print this checklist to assist with preparing for test day.

___Review your appointment confirmation email to confirm your appointment time. Arrive at the testing center at least 30 minutes prior to your appointment.

___Review driving directions. Allow sufficient time for travel, parking, locating the test center, and checking in. Depending on the location of the testing facility, note that additional parking fees may apply. Prometric, Inc. does not have the ability to validate parking.

___Bring a valid, non-expired government-issued ID with a current photo and signature.


___Consider wearing layers of clothing, which can be removed due to variability in temperature in the test area.

___If bringing bottled water and necessary prescriptions, please note that these items must be kept in your test center locker for access if needed.

___Consider bringing your own soft ear plugs or use the test center-provided sound dampening ear phones to decrease distractions during the test.

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