



FINAL EXAM

Course # 611052 1040 Basics Part II

based on the electronic .pdf file(s):

IRS Publication 17, "Your Federal Income Tax For Individuals"

by: Internal Revenue Service, 2006,
295 pages



10 CPE Credit Hours
Taxation

A P E X C P E . C O M 1.877.317.9047 support@apexcpe.com
*This exam sheet is made available for your convenience in answering questions while offline.
Please note that you will still need to enter your answers on the online exam sheet for grading.
Instructions are provided at the end of this document.*

Chapter 17 - Individual Retirement Arrangements

1. You cannot make contributions to an IRA if you are 80 years old.

TRUE

FALSE

2. You can contribute to a Roth IRA for your spouse provided the contributions satisfy the spousal IRA limit.

TRUE

FALSE

3. You can keep funds in your traditional IRA indefinitely.

TRUE

FALSE

4. Generally, distributions from a Roth IRA are taxable in the year that you receive them.

TRUE

FALSE

5. You are not required to take distributions from your Roth IRA at any age.

TRUE

FALSE

6. You can set up a Roth IRA at any time.

TRUE

FALSE

7. You can make contributions to a Roth IRA at any time.

TRUE

FALSE

Chapter 18 - Alimony

8. Not all payments required under a divorce instrument are considered alimony for tax purposes.

TRUE

FALSE

9. All payments required under a divorce instrument are considered alimony for tax purposes.

TRUE

FALSE

10. If your alimony payments decrease or terminate during the first three calendar years, you may be subject to the recapture rule.

TRUE

FALSE

Chapter 19 - Education-Related Adjustments

11. Student loan interest includes both required and voluntary interest payments.

TRUE

FALSE

12. You can change your return by filing Form 1040X.

TRUE

FALSE

13. For purposes of the standard deduction, earned income includes any part of a scholarship or fellowship grant that you must include in your gross income.

TRUE

FALSE

Chapter 20 - Standard Deduction

Chapter 21 - Medical and Dental Expenses

14. In order to claim medical expenses for your spouse:

You must have been married to your spouse for the entire year

Your spouse must sign a consent form

You must have been married either at the time your spouse received the medical services or at the time you paid the medical expenses

You must file Form 9654

15. Birth control pills prescribed by a doctor qualify as a medical expense.

TRUE

FALSE

16. Bottled water qualifies as a medical expense.

TRUE

FALSE

17. In order for a tax to be deductible, it must be imposed on you.

TRUE

FALSE

18. You can deduct state and local income taxes.

TRUE

FALSE

19. Deductible real estate taxes generally do not include taxes charged for the local benefits and improvements that increase the value of the property.

TRUE

FALSE

Chapter 22 - Taxes

Chapter 23 - Interest Expense

20. Prepaid mortgage interest is deductible in the year paid.

TRUE

FALSE

21. You generally cannot deduct the full amount of points in the year paid.

TRUE

FALSE

Chapter 24 - Contributions

22. Money or property given to public parks and recreation facilities are deductible as charitable contributions.

TRUE

FALSE

23. Money or property given to political groups are deductible as charitable contributions.

TRUE

FALSE

Chapter 25 - Nonbusiness Casualty and Theft Losses

24. Deductible casualty losses can result from sonic booms.

TRUE

FALSE

25. Deductible casualty losses can result from terrorist attacks.

TRUE

FALSE

Chapter 26 - Car Expenses and Other Employee Business Expenses

26. Your trip is considered entirely for business if you were outside the United States for a week or less, combining business and nonbusiness activities.

TRUE

FALSE

27. You can deduct your travel expenses when you attend a convention if you can show that your attendance benefits your trade or business.

TRUE

FALSE

Chapter 27 - Tax Benefits for Work-Related Education

28. Education you need to meet the minimum education requirements for

your present trade or business is qualifying work-related education.

TRUE

FALSE

29. Education that maintains or improves skills in your present work is considered qualifying work-related education.

TRUE

FALSE

Chapter 28 - Miscellaneous Deductions

30. You can claim a depreciation deduction on your computer or cell phone that you use in your work as an employee if its use is for the convenience of your employer and is:

Not greater than 2% of AGI

Purchased during the current tax year.

Used predominantly for business purposes.

Required as a condition of your employment

31. Fines and penalties paid to a governmental unit for violating the law are nondeductible.

TRUE

FALSE

Chapter 29 - Limit on Itemized Deductions

32. Gambling losses are subject to the overall limit on itemized deductions.

TRUE

FALSE

33. Medical and dental expenses are not subject to the overall limit on

itemized deductions.

TRUE

FALSE

34. The overall limit on itemized deduction does not apply to investment interest expense.

TRUE

FALSE

Chapter 30 - How to Figure Your Tax

35. Changes to accelerated depreciation of certain property is a common tax preference item for AMT purposes.

TRUE

FALSE

36. The addition of personal exemptions is a common adjustment for AMT purposes.

TRUE

FALSE

Chapter 31 - Tax on Investment Income of Certain Minor Children

37. Part of a child's investment income may be subject to tax at the parent's tax rate if the child's investment income was less than \$1,600.

TRUE

FALSE

38. If you qualify and elect to include your child's interest and dividend income on your tax return, your child will not have to file a return.

TRUE

FALSE

39. To claim the child and dependent care credit, you must keep up a home.

TRUE

FALSE

40. The home you keep up in order to claim the child and dependent credit must be the main home for both you and the qualified person.

TRUE

FALSE

Chapter 32 - Child and Dependent Care Credit

Chapter 33 - Credit for the Elderly or the Disabled

41. For purposes of the credit for the elderly or disabled, if you are under age 65, you must have your physician complete a statement certifying that you were permanently and totally disabled on the date you retired.

TRUE

FALSE

42. You can take the credit for the elderly or disabled if you are a qualifying individual and your income is not more than certain limits.

TRUE

FALSE

Chapter 34 - Child Tax Credit

43. An 18 year old child is considered a qualifying child for purposes of the child tax credit.

TRUE

FALSE

44. To claim the child tax credit, you must file Form 1040 or Form 1040A.

TRUE

FALSE

Chapter 35 - Education Credits

45. The Lifetime Learning Credit is available for all years of postsecondary education and for courses to acquire or improve job skills.

TRUE

FALSE

46. The Hope Credit is available only until the first two years of postsecondary education are completed.

TRUE

FALSE

Chapter 36 - Earned Income Credit

47. To claim the earned income credit, your filing status cannot be married filing separately.

TRUE

FALSE

48. To claim the earned income credit, your filing status cannot be married filing jointly.

TRUE

FALSE

Chapter 37 - Other Credits

49. Currently, there is NO tax credit allowed for placing a qualified electric

vehicle in service during the year.

TRUE

FALSE

50. Credit for excess social security tax withheld is a refundable credit.

TRUE

FALSE

Instructions for Submitting Answers Online:

- Sign In at www.ApexCPE.com
- Click the "My CPE" tab at the top of the page.
- Click "My CPE Courses".
- Find the current CPE year and click "Go to My Courses".
- Find this course and click the "Go to Course" link.
- Step 2 on the Course Syllabus page is "Take the Final Exam". Click the "Begin Final Exam" link.
- Enter your answers on the online exam sheet.
- Click the "Grade Exam" button at the bottom of the page. Your exam will be graded automatically. If your score exceeds 70%, a "Create Certificate" button will display. Otherwise, you may continue to retake the exam until you pass.
- A short evaluation page will display. Please provide your feedback for the course.
- Once the evaluation is complete, click the "Submit Evaluation & Create Certificate" button at the top of the page.
- You may print your Certificate of Completion by selecting File Print from your browser. Certificates remain online for at least five years from the certificate date.

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