



## FINAL EXAM

# Course # 611061 Small Business Taxes

based on the electronic .pdf file(s):

### **IRS Publication 334, "Tax Guide for Small Businesses"**

by: Internal Revenue Service, 2006,  
53 pages



8 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 1 - Filing and Paying Business Taxes

1. You must have an EIN if you pay wages to employees.

TRUE

FALSE

2. Form W-9 is used to get a payee's SSN or EIN.

TRUE

FALSE

3. A payee who does not provide you with an identification number may be subject to backup withholding.

TRUE

FALSE

4. You must pay self-employment tax if your net earnings from self-employment were \$300 or more.

TRUE

FALSE

5. The luxury tax on the first retail sale of passenger vehicles is considered a federal excise tax.

TRUE

FALSE

6. One transaction cash payments in excess of \$10,000 must be reported on Form 8300.

TRUE

FALSE

## Chapter 2 - Accounting Periods and Methods

7. Once you have chosen your tax year, you must, with certain exceptions, get IRS approval to change it.

TRUE

FALSE

8. You must use the same accounting method for tax purposes as you use for financial purposes.

TRUE

FALSE

9. The purpose of an accrual method of accounting is to:

Make accounting easier

Make accounting more complicated

Properly account for income and expenses

Match income and expenses in the correct year

10. Under the accrual method of accounting, you may deduct expenses before economic performance has occurred.

TRUE

FALSE

### **Chapter 3 - Dispositions of Business Property**

11. If you abandon property, it is considered a disposition of property.

TRUE

FALSE

12. A gain from the disposition of a non-capital asset may be treated as a section 1231 capital gain.

TRUE

FALSE

13. Whether a gain is long-term or short-term depends on how long you own the property before you dispose of it.

TRUE

FALSE

#### **Chapter 4 - General Business Credit**

14. The work opportunity credit provides businesses with an incentive to hire individuals from targeted groups that have a particularly high unemployment rate or other special employment needs.

TRUE

FALSE

15. If you have more than one current year business credit, you must file Form 3800.

TRUE

FALSE

16. The welfare to work credit provides businesses with an incentive to hire long-term family assistance recipients.

TRUE

FALSE

#### **Chapter 5 - Business Income**

17. In a barter transaction, the fair market value of the property at the time received should be included in gross receipts.

TRUE

FALSE

18. Advance payments received under a lease that do not put any restrictions on their use are income in the year you receive them.

TRUE

FALSE

19. Generally, canceled debt is not included in gross income for tax purposes.

TRUE

FALSE

20. Consignments of merchandise to others to sell for you are sales for tax purposes.

TRUE

FALSE

## **Chapter 6 - How to Figure Cost of Goods Sold**

21. Containers and packages that are an integral part of the product manufactured are a part of cost of goods sold.

TRUE

FALSE

22. Labor costs are usually an element of cost of goods sold in a manufacturing business.

TRUE

FALSE

23. To be included in cost of goods sold, overhead expenses must be:

Measurable

Ordinary and necessary

Direct and necessary

Direct

## Chapter 7 - Figuring Gross Profit

24. Items withdrawn from inventory for your own personal use must be removed from cost of goods sold.

TRUE

FALSE

25. Income from sources other than operations should be reported on Line 6 of Schedule C.

TRUE

FALSE

26. The percentage of gross profit divided by net receipts should be very close to, and maybe even exactly equal to your markup percentage.

TRUE

FALSE

## Chapter 8 - Business Expenses

27. To be deductible, a business expense must be either ordinary or necessary.

TRUE

FALSE

28. Local business transportation does not include expenses you have while traveling away from home overnight.

TRUE

FALSE

29. Going to a business meeting away from your regular workplace is deductible as local transportation expenses.

TRUE

FALSE

30. Parking fees you pay to park your car at your place of work are nondeductible commuting expenses.

TRUE

FALSE

31. You can generally deduct all interest you pay or accrue during the tax year on debts related to your business.

TRUE

FALSE

32. Entertainment expenses must pass the directly related test or the associated test.

TRUE

FALSE

33. An ordinary expense is one that is common and accepted in your field of business, trade, or profession.

TRUE

FALSE

34. You do not meet the exclusive test for home office deductions if you use the area in question for both business and personal use.

TRUE

FALSE

35. A necessary expense is one that is helpful and appropriate, although not necessarily required, for your business.

TRUE

FALSE

36. You do not have to meet the exclusive use test for home office deductions if you use part of your home for the storage of inventory or product samples or as a day care facility.

TRUE

FALSE

## **Chapter 9 - Figuring Net Profit or Loss**

## **Chapter 10 - Self Employment Tax**

37. Generally, you must pay self employment tax and file schedule SE if your net earnings from self employment were \$400 or more.

TRUE

FALSE

38. Special rules and exceptions apply to fishing crew members.

TRUE

FALSE

## **Chapter 11 - Your Rights as a Taxpayer**

39. Generally, both you and your spouse are responsible, jointly and individually, for paying the full amount of tax, interest or penalty due on your joint return.

TRUE

FALSE

## **Chapter 12 - How to Get More Information**

40. The Taxpayer Advocate represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels.

TRUE

FALSE



Instructions for Submitting Answers Online:

- Sign In at [www.ApexCPE.com](http://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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or send an email to [support@apexcpe.com](mailto:support@apexcpe.com)**