

GENERAL INFORMATION BOOKLET

Table of Contents

THIS BOOKLET IS UPDATED YEARLY ON SEPTEMBER 1ST

1. Licensing	2
2. How to Become Licensed in Tax Preparation	2
3. Requirements for Becoming a Licensed Tax Preparer or Licensed Tax Consultant	3
4. Basic Education	4
5. Continuing Education	4
6. Exam Application Process	5
7. Fees	5
8. Refunds	6
9. Examination Subject Matter and Format	6
10. Materials Needed and Materials not Allowed in the Exam Room	7
11. Grading the Exam	7
12. Passing Grade	7
13. After the Exam	7
14. Approved Basic Course Sponsors	8 & 9
15. Consultant Examination Index	10 & 11
16. Preparer Examination Index	12
17. Consultant Examination Subject Outline and Percent of Coverage	13 & 14
18. Preparer Examination Subject Outline and Percent of Coverage	15 & 16
19. Answer Sheet Instructions	17
20. Sample Answer Sheet	18
21. Reference Guide	19 & 20
22. Sample Test with Frequently Missed Questions - Preparer	21 to 23
23. Sample Test with Frequently Missed Questions - Consultant	24 to 27
24. Frequently Missed Topics	28
25. Preparer Exam - List of Source Documents	29
26. Consultant Exam - List of Source Documents	30
27. Answers, subject matter and references to the frequently missed questions	31
28. Schedule & Location of Exams	32
29. List of Colleges Providing Exams	33 to 36

IF YOU HAVE A QUESTION OR A CONCERN, DO NOT HESITATE TO CONTACT US!

Phone: (503) 378-4034
Fax (503) 378-3575
E-Mail: tax.bd@state.or.us

All forms, applications, examination study references as well as licensing & examination information can be obtained on our website at:

www.oregon.gov/OTPB

General Information About the Exams

LICENSING

There are approximately 2,659 tax preparers and 2,216 tax consultants licensed in Oregon. All preparers and consultants are licensed through an examination procedure. Any person who is enrolled to practice before the Internal Revenue Service and holds a treasury card may be licensed after passing an examination covering Oregon Income Tax Law and Oregon Tax Practitioner Law.

Licensed attorneys rendering services in the performance of duties as an attorney-at-law; fiduciaries; certified public accountants and licensed public accountant's who hold a permit from the Oregon Board of Accountancy and their employees, are exempt from licensing by the Board of Tax Practitioners.

- All tax preparer licenses expire on **September 30** following initial application for license **OR** renewal.
- All tax consultant licenses expire on **May 31** following initial application for license **OR** renewal.
- An applicant who passes the examination must apply for licensing within **60 days** from the date on the examination result notification letter. If application for licensure is NOT made within **60 days**, the applicant must re-apply and be re-examined.

The Board updates and administers examinations throughout each year. Examination consultants retained by the Board regularly review and update the exam question banks and develop new items. Examinee/consultant comments and new exam questions are reviewed by the Board. All questions used on the examinations receive **at least** five separate reviews for clarity and law accuracy prior to the release of the annual examinations. Updated **consultant** examinations are released on August 1st each year. Updated **preparer** examinations are released on September 1st each year. In order to pass the tax preparer examination, careful and comprehensive preparation is required. It is based on knowledge gained during the successful completion of an 80-hour basic income tax course. The tax consultant examination is based on experience and knowledge gained from working, attending continuing education courses/seminars, individual study and research.

HOW TO BECOME LICENSED IN TAX PREPARATION

TYPES OF LICENSES

A tax preparer license enables a person to lawfully prepare personal income tax returns in Oregon for a fee and/or valuable consideration. A tax preparer must work under the supervision of a licensed tax consultant, a certified public accountant, a public accountant, or an attorney.

A tax consultant license enables a person to lawfully prepare personal income tax returns in Oregon for a fee and/or valuable consideration as a self-employed or independent tax practitioner.

After working a cumulative total of at least 780 hours within two of the last five years and acquiring 15 hours of continuing education (CE) in the subject matter of personal income tax, a tax preparer may qualify to take the tax consultant examination. *Please note:* The 15 hour CE requirement must have been completed within the year prior to your examination application date. Preparers and employers should keep documented evidence of hours worked as employers will need to complete a "Verification of Work Experience" form for the applicant to qualify for the consultant examination. Only hours spent in work directly related to tax preparation may be counted toward meeting the work experience requirement. Applications can be found on our website at: <http://www.oregon.gov/OTP/Forms.shtml>

REQUIREMENTS FOR BECOMING A LICENSED TAX PREPARER OR CONSULTANT

To Become a Licensed Tax Preparer:

- You must be at least 18 years of age.
- You must be a high school graduate or have passed an equivalency examination (GED).
- You must complete a minimum of 80 clock hours of basic income tax law education. A course designed specifically for this purpose is offered statewide by community colleges, vocational schools as well as private tax preparation firms. The course taken must be one that has been approved by the Board. A list of approved sponsors can be found within this booklet or on our website at:
http://www.oregon.gov/OTPB/docs/Forms/Basic_Course_Sponsor_List.pdf
- You must pass (75%) the tax preparer examination administered by the Board.
- A certificate of completion of the 80-hour basic course must be submitted with your initial tax preparer **license** application before a license will be issued. **DO NOT** submit this certificate with your examination application.

To Become a Licensed Tax Consultant if Presently Licensed as a Tax Preparer:

- Submit evidence that the applicant has actively worked in the capacity of a licensed tax preparer for not less than 780 hours during at least two of the last five years. A "Verification of Work Experience" form must be filled out by **each** employer.

Volunteer experience is acceptable **only** on a limited basis and **only** if it is through a recognized program such as the VITA program. One hour of such experience will be accepted for each five hours actually worked, up to a maximum of 150 hours. Hours must be verified by the volunteer's supervisor.

- Submit evidence of completion of a minimum of 15 hours continuing education (CE) in the subject matter of personal income taxation. This CE must have been completed within one (1) year prior to making application for examination.
- You must pass (75%) the tax consultant examination administered by the Board.

To Become a Licensed Tax Consultant if NOT Presently Licensed as a Tax Preparer:

- Submit evidence that applicant has completed at least 80 clock hours of education on income tax law.
- A minimum total of 780 hours work experience is required within at least two of the last five years.
- Evidence of completion of 15 hours of continuing education in personal income taxation. Completed within one (1) year prior to making application for examination.
- You must pass (75%) the tax consultant examination administered by the Board.

Out-of-State Experience:

- Submit a full explanation of all past tax preparation experience by completing a "Self-Employment Petition" form. The petition form shall include full documentation of experience/education and must meet or exceed the 780 hours of work experience requirement.
- Evidence of completion of 15 hours of continuing education in personal income taxation. Completed within one (1) year prior to making application for examination.

Experience as an Income Tax Auditor/Taxpayer Service Representative:

- Acceptable experience includes employment with the Internal Revenue Service or the Oregon Department of Revenue.
- A "Verification of Work Experience" form must be filled out by your employer.
- Evidence of completion of 15 hours of continuing education in personal income taxation. Completed within one (1) year prior to making application for examination.

To Become a Licensed Tax Consultant if you are an Enrolled Agent:

- Submit a copy of your Treasury Card. Any other documentation will **NOT** be accepted.
- You must pass (75%) the Oregon Tax Law, Oregon Income Tax Service Law and the Tax Board Code of Professional Conduct portion of the tax consultant examination.

All forms and applications can be obtained on our website at:

<http://www.oregon.gov/OTPB/Forms.shtml>

BASIC EDUCATION

Each tax preparer applicant must complete at least 80 classroom hours of instruction in basic income tax law and return preparation. This requirement or the equivalent must also be met for consultant applicants, other than Enrolled Agents, who are **NOT** currently licensed as preparers.

Approved basic courses specifically designed to meet this requirement are offered through several community colleges, vocational schools and private firms. A listing of approved sponsors, can be found in this booklet or our website at: http://www.oregon.gov/OTPB/docs/Forms/Basic_Course_Sponsor_List.pdf . Tax-related university level courses *may* also qualify. Proof of education in the form of a copy of a transcript must be submitted with the application.

Each student who successfully completes an 80 hour basic tax course should be furnished with a "Certification of Education Session Attendance" form signed by the course instructor and by the student. To qualify for licensure, applicants must submit the signed "Certification of Education Session Attendance" form to the board office when making application to become a **licensed** tax preparer. **DO NOT** submit this certification with your examination application. Copies of transcripts from colleges and universities are also accepted forms of proof of course completion. No preparer license will be issued until this certification is received in the board office.

Please note: Students may apply to take the preparer exam **before** completion of the 80 hour basic course.

CONTINUING EDUCATION

To renew a tax preparer/consultant license, each licensee must attest to attendance at a minimum of 30 clock-hours of acceptable continuing education during the 13 months **prior** to each license year. i.e. License expiration is 9/30/09; continuing education would need to be received between 9/1/08 and 9/30/09. The Board will randomly audit licensee records to verify compliance with continuing education requirements per Oregon Administrative Rule 800-015-0015.

The continuing education requirement is waived for the **first** renewal of a tax preparer or tax consultant license.

Tax preparers/consultants who have allowed their license to lapse and/or have been in an inactive status for less than 3 years, must attest to 30 hours of acceptable continuing education for each year lapsed/inactive in order to qualify for renewal/re-activate their license. i.e. License expiration date is 9/30/08 and the licensee is making application for renewal on or before 9/30/10. The licensee would need to attest to 90 hours of continuing education in order to qualify for renewal/re-activate their license.

If a tax preparer/consultant has allowed their license to lapse and/or has been in an inactive status for 3 years or more, the licensee would need to make application and successfully complete the **preparer** examination (75%).

Tax courses and seminars approved/accepted for continuing education are offered throughout the state by community colleges, industry associations, company schools, and private firms. Continuing education credit for **courses/seminars** attended will be accepted only if the sponsor and the course material meet all of the requirements for continuing education credit: (OAR 800-015-0020 & OAR 800-015-0030). Only **correspondence (self-study) courses** need approval from the Board prior to issuance of credit. A listing of approved correspondence course sponsors can be obtained from our website at: http://www.oregon.gov/OTPB/Approved_Corresp_Courses.shtml

EXAM APPLICATION PROCESS

Your exam application and fee's should be mailed at least 30 days prior to the date in which you wish to take the examination to ensure your exam approval is processed in time. Applications are processed as quickly as possible. During the off-season (February through September) a quicker turn-around time is possible, especially when payment is made by credit card with a faxed application. Exam applications sent to the board office must include the additional proctoring fees charged for an examination at a proctoring site, usually \$15-\$40 (see proctor site listing in the back of this booklet for specific information). Once an examination application is approved and processed the board office will mail to the applicant an examination approval notice. The notice will direct the candidate to contact the proctoring site in which they selected to schedule their examination appointment. At the same time the examination approval notice is sent to the candidate, the candidate's examination packet is sent to the proctoring site chosen. Please **DO NOT** schedule your appointment with the proctor site prior to receiving your approval notice as the proctor site will not have an examination for you to take.

Please note: proctor site location selection for taking the examination is **FINAL** upon making application to the board office. Due to security reasons candidates **CANNOT** make application for more than one examination at a time.

If an examinee has any problems or questions regarding the examination process, they should contact the **Tax Board** immediately for resolution.

FEES

The Board is funded entirely by the fees collected from examinations, licenses, and civil penalties assessed by the Board for violations of Law or Rule. The Legislature approves an expenditure limitation for the Board every biennium.

Fees are non-refundable unless the applicant does not meet the qualifications for examination and licensing. [Please refer to REFUNDS on page six (6) for additional information.]

	<u>Preparers</u>	<u>Consultants</u>	<u>Other</u> (+ Proctor Fee)
<u>Examinations</u>	\$50	\$85	
<u>Initial License</u>	\$80		
If currently an active Licensed Tax Preparer:			
(personal license only)		\$65	
(combination license with business)			\$125
All others		\$95	
(combination license with business)			\$155
<u>Annual License Renewal:</u>			
Active	\$80	\$95	
Inactive	\$35	\$50	
Reactivation of inactive license	\$80	\$95	
Reactivation of lapsed license	\$35 (+ active fee)	\$35 (+ active fee)	
Tax business registration only			\$ 110
Branch office registration			\$ 20
Combination tax business registration & Licensed Tax Consultant/Preparer license			\$155

REFUNDS

Unless an applicant fails to meet the legal requirements for qualifying as a preparer or consultant, or has a documented emergency outside their control (at the discretion of the Board), no refund of the exam fee can be made. A \$10 processing fee will be retained by the Board when issuing refunds to individuals eligible for a refund. Refund requests must be received in **writing** from the applicant. Requests shall include applicants: Name, mailing address, phone number, reason for refund request and a statement verifying the applicant's awareness of the \$10 processing fee.

EXAMINATION SUBJECT MATTER AND FORMAT

Examinations cover Oregon and Federal tax laws followed in the preparation of personal income tax returns. Question banks/examinations are updated each year. **Consultant** examinations are updated yearly on August 1st. **Preparer** examinations are updated yearly on September 1st.

Examples: If the date on your exam application is June 2009, the exam will cover 2007 tax law.
If the date on your **consultant** exam application is July 2009, the exam will cover 2007 tax law.
If the date on your **consultant** exam application is August 2009, the exam will cover 2008 tax law.
If the date on your **preparer** exam application is August 2009, the exam will cover 2007 tax law.
If the date on your **preparer** exam application is September 2009, the exam will cover 2008 tax law.

Assume calendar year and cash basis unless stated otherwise. The exams will cover personal income tax; law, theory and practice. The consultant exam may include questions on corporation or partnership income as the topic relates to personal income tax returns. Preparer and consultant exam questions have both true/false and multiple choice responses. For both the preparer and consultant exams, approximately 75% is on federal law and 25% is on state law.

The **preparer** exam consists of 200 questions divided into four parts. Parts I, II, and III include 176 questions covering Oregon tax laws; Oregon Tax Practitioners Law; Code of Professional Conduct; and Federal income tax; law, theory and practice. These questions cover basic material. Part IV, (24 questions) is a series of scenario based mini-problems related to State and Federal forms and schedules. All schedules, worksheets, forms, etc. needed to complete the mini-problems will be provided.

The **consultant** exam consists of 200 questions. Questions test the applicant on Oregon and Federal personal income tax; law, theory, and practice; the Oregon Tax Practitioners Law; the Board's Code of Professional Conduct (Oregon Administrative Rules, Chapter 800, Division 10); and Board rules for tax preparation businesses (Oregon Administrative Rules Chapter 800, Division 25). Questions are of a more advanced nature than those in the preparer examination.

The **enrolled agent** exam (which covers **ONLY** Oregon State Law) is comprised of 50 questions, testing the applicant on Oregon income tax laws; Oregon Tax Practitioners Law; the Board's Code of Professional Conduct (Oregon Administrative Rules, Chapter 800, Division 10); and Board rules for tax preparation businesses (Oregon Administrative Rules Chapter 800, Division 25). Tax law questions may cover any Oregon topics listed on the examination indexes.

Five (5) hours are allowed to complete the preparer and consultant examinations. Enrolled Agents taking **ONLY** the state-law portion of the consultant exam have 1 ½ hours to complete the examination. Exam dates/times will vary, depending on the location selected (see college listing in the back of this booklet for specific information).

Please Note: Due to security reasons candidates **CANNOT** make application for more than one examination at a time.

MATERIALS NEEDED & MATERIALS NOT ALLOWED IN THE EXAM ROOM

- Place materials brought to the exam in a clear & transparent container OR bag.
- Government issued picture ID: driver's license, an official state photo-identification for individuals who do not drive, or a passport.
- Pencils: Each student should have two or three #2 pencils (or mechanical pencils).
- A pocket pencil sharpener.
- Calculators: Simple function calculators **ONLY**, i.e. only battery/solar operated; noiseless, non-printing, non-programmable calculators are allowed. Calculators must be inspected by the proctor prior to entering the examination area. Programmable calculators will be barred from the exam room.
- Study materials, notebooks, and any papers other than those provided in the exam envelope are **not** allowed in the exam room.
- Cellular telephones and pagers are **not** allowed at the exam site.
- Consumption of food varies depending on proctor site.
- Solid food consumption is **not** allowed during a Board Administered examination.

GRADING THE EXAM

The exams are graded by the Board. Proctor sites must return candidate exam materials to the board office within five (5) days of an exam. During peak examination season (Dec – Jan), grade results may take longer to process. Answer sheets must be carefully filled out with errors completely erased. You must use #2 pencils (or mechanical pencils) to fill in the answer sheet(s). An example of a completed answer sheet is provided in this information booklet.

PASSING GRADE

Preparer examinees must correctly answer 75% of the 200 questions/mini-problems asked to pass the examination.

Consultant examinees must correctly answer 75% of the 200 questions asked to pass the examination.

Enrolled agent examinees must correctly answer 75% of the 50 questions asked to pass the examination.

AFTER THE EXAM

All examinees will be notified in writing of their exam scores no later than 30 days from taking the examination. Examination results are mailed to candidates via the U.S. postal service and **will not** be given over the phone or in person by appearing at the board office. Failing candidates are eligible to sit for the next succeeding examination upon filing for a re-take examination and submitting payment of all required examination fees to the board office. Passing candidates will have **60 days** to apply for their license or they will be required to re-test. Anyone who does not take the exam, (is a 'No Show') or who takes it and fails will **not** be refunded the exam fee (see REFUNDS for additional information).

After four preparer or consultant examination failures, enrollment in an 80-hour basic course or a consultant examination preparation course is **strongly recommended**.

Please Note: **NO review** of the examination questions by any applicant will be granted per;
OAR 800-020-0020(7).

BASIC COURSE SPONSORS: September 1, 2008 through August 31, 2009

List is subject to change* - *Instructor taught class unless otherwise noted* - *Sponsors listed in GRAY are pending

Sponsor/Address	Phone	Fax	E-mail	Website	Add. Info.
Margaret A. Atchison, EA/LTC 250 NW Franklin Ave. #102 Bend, OR 97701	(541) 330-8949	(541) 330-8938	margaret@atchisontax.com	www.atchisontax.com	N/A
Peggy Hudson Blue Mountain Comm. College 3275 Baker Baker City, OR 97814	(541) 523-9127 Ext. 3200	(541) 523-9128	phudson@bluecc.edu	www.bluecc.edu	N/A
Wade Muller Blue Mountain Comm. College 2411 NW Carden / PO Box 100 Pendleton, OR 97801	(541) 278-5958	(541) 278-5885	swallace@bluecc.edu	www.bluecc.edu	<i>Offering on-line courses</i>
Sherry Graham Cascade Acct. & Tax Srv PO Box 1027 Scappoose, OR 97056	(503) 543-3927	(503) 543-2871	Cascade003@centurytel.net		N/A
Jo Schermerhorn Cascade Financial 11540 SE Powell Blvd Portland, OR 97266	(503) 762-8231	(503) 762-8232	jo2scher@comcast.net	www.cascadefinancial.biz	N/A
Nancy Jumper Central Oregon Comm. Col. 2600 NW College Way Bend, OR 97701	(541) 383-7270	(541) 383-7503	class inquiries: ceinfo@cocc.edu personal: njumper@cocc.edu	http://noncredit.cocc.edu	N/A
Ron Hulett Chemeketa Community Col. 4000 Lancaster Drive NE Salem OR 97309	(503) 399-5114	(503) 399-5496	pbowlsby@chemeketa.edu	www.chemeketa.edu	<i>Offering on-line courses</i>
James Stekelberg Clackamas Community Col. 19600 Molalla Ave. Oregon City, OR 97045	(503) 657-6958, ext. 2882	(503) 650-6659	james@clackamas.edu	www.clackamas.edu	N/A
Jim Hintz H & R Block Income Tax Sch. 2700 NE Sandy Blvd. Portland, OR 97232	(503) 239-5075 Outside PDX: 1-800-829-2000	(503) 239-1003	jhintz@hrblock.com	www.hrblock.com	<i>Call for instructor names/locations</i>
Charles E. McCabe The Income Tax School 1801 Libbie Ave., Suite 100 Richmond, VA 23226	(800) 984-1040 or (804) 204-1040	(877) 787-1040	cmccabe@peoplestax.com	www.theincometaxschool.com	<i>Offering on-line courses</i>
Mamie Carter, LTC Jackson Hewitt Tax Service 14240 SE Stark Portland, OR 97233	(503) 251-5442	(866) 750-5567	mcarter@jhtaxnw.com	www.jhtaxnw.com	<i>Offering on-line courses</i>
Emanuel Etuks Jackson Hewitt Tax Srv #1085 3215 NE Broadway Portland, OR 97232	(503) 249-1148	(503) 282-9282	tukso@aol.com	N/A	<i>Offering on-line courses</i>
Christina Phillips Fastax, Inc. Jackson Hewitt Tax Srv #0975 4676 Commercial St SE / PMB 373 Salem, OR 97302	(503) 585-4663 Outside Salem: 1-866-634-1040	(503) 362-5972	N/A	N/A	<i>Offering on-line courses</i>
Katherine Sue Hewitt Klamath Community College 7390 South Sixth Street Klamath Falls, OR 97603	(541) 880-2261	(541) 885-7758	Hewitt@klamathcc.edu	www.klamathcc.edu	N/A
Ross Jackson Lane Community College 4000 E. 30 th Ave. Eugene, OR 97405	(541) 463-5907		jacksonr@lanecc.edu	www.lanecc.edu	
Heather Smith Liberty Tax Service 1716 Corporate Landing Pkwy Virginia Beach, VA 23454	(757) 493-8855	1-800-880-6432	Heather.smith@libtax.com	www.libertytax.com	<i>Offering on-line courses</i>
Mary Linebarger Mary's A Tax Service, LLC 309 Court Street The Dalles, Oregon 97058	(541) 298-2829	(541) 298-2829	ataxservice@gmail.com	N/A	N/A
SanDee M. Tharp Pacific Northwest Tax Service 13405 NW Cornell Road Portland, OR 97229	(503) 646-5600	(503) 350-0265	smtharp2@gmail.com	www.pnwtax.com	<i>Offering On-line & Correspondence Courses</i>

Sponsor/Address	Phone	Fax	E-mail	Website	Add. Info.
T. Estrada / C. Roman Refund Express, Inc. P.O. Box 1122 221 W. Central, Suite D Sutherlin, Oregon 97479	(541) 459-1673		refundexpressinc@aol.com	N/A	N/A
Brenda Locke Southwestern OR Comm. Col. 1988 Newmark Coos Bay, OR 97420	(541) 888-7328	(541) 888-7601	blocke@socc.edu	www.socc.edu	N/A
Teresa J. Hector TEC Institute of Oregon, LLC 905 W 8 th Medford, Oregon 97501	(541) 774-4201	(541) 774-4202	thector@tecinstitute.com	www.tecinstitute.com	Offering Correspondence Courses

Check the following URL frequently for updates to the sponsor listing: http://www.oregon.gov/OTPB/docs/Forms/GEN_INFO.pdf

CONSULTANT EXAMINATION INDEX & STUDY GUIDE FOR CONSULTANT EXAMINEES

<u>DESCRIPTION/STUDY TOPICS</u>	<u>REFERENCE USED</u>
Filing Requirements	Pub 17
Filing Status	
Dependents/Exemptions	
Gross Income	
W-2's, Interest, Dividends, Refunds, Alimony	Pub 525
Pensions, IRA's, Clergy, Unemployment,	Pub 575
Social Security, and Other Income	Pub 590
Excludable Income	
Oregon	Pub 17 1/2 Oregon booklet
Code of Professional Conduct	OAR's Chapter 800
<hr/>	
Standard Deduction	Pub 17
Schedule A	
Medical, Taxes, Interest, Investment Interest,	Pub 502
Contributions, Casualty Losses, and	Pub 936
Misc including Form 2106	Pub 463 Pub 970
Oregon	Pub 17 1/2
<hr/>	
Basis of Assets	Pub 17 Pub 551
Depreciation	Pub 946
Sec 179, Bonus Depreciation, MACRS,	Pub 225
Listed Property	Pub 334
Oregon	Pub 17 1/2 1040 booklet
<hr/>	
Schedule C	Pub 334
Business vs Hobby, and Home Office	Pub 535 Pub 587
Schedule F	Pub 225
Schedule SE	Pub 463
Oregon	Pub 17 1/2
<hr/>	
Schedule E Rentals	Pub 17
Royalties and K-1's	Pub 925
Passive Activities	
NOL's	Pub 536
Oregon	Pub 17 1/2
<hr/>	

Over for additional study topics.

<u>DESCRIPTION/STUDY TOPICS</u>	<u>REFERENCE USED</u>
---------------------------------	-----------------------

Sales and Exchanges	Pub 544
Sch D, Form 4797, Involuntary Conversions, Repossessions, and Like-Kind Exchanges	Pub 551
Installment Sales and Form 6252	Pub 537
Sale of Personal Residence	Pub 523
	Pub 17
	Pub 225
	Pub 334
Oregon	Pub 17 1/2

Adjustments to Income	Pub 17
Education, Student Loan Interest, Tuition & Fees	Pub 970
IRA	Pub 590
Moving Expense	1040 booklet
SE Tax	
SE Health Insurance	
SE Retirement Plans	
Penalty for Early Withdrawal	
Alimony	
Personal Property Rental Expenses	
Oregon	Pub 17 1/2
	Oregon booklets

AMT	Pub 225
Tax Credits	Pub 17
EIC, Child Care, Child Tax, Additional Child Tax, Foreign Tax Cr, Education, Retirement Savings, Adoption, Gas Tax, and Excess SS Tax and RRTI Tax	Pub 970
Oregon	Pub 17 1/2
	Oregon booklets

Filing due dates	Pub 17
Estimated taxes	1040 booklet
Penalty for IRA's and Form 5329	Pub 590
Advance EIC Payments	Pub 225
	Pub 334
Oregon	Pub 17 1/2
	Oregon booklets

Review for Final Exam

Final Exam and Review of Answers

This outline is set up to be 10 classes reviewing material covered on the Consultant's Exam. Each class would be 3 hours. Each class would incorporate Oregon into the discussion as required including both resident and non-resident information using Oregon references. Quizzes could be used at either the beginning or the end of class to reinforce material taught.

PREPARER EXAMINATION INDEX

Course Guide for Basic Course Instructors

DESCRIPTION / COURSE TOPICS	REFERENCES USED
Tax Practitioner Oregon Law	Oregon Administrative Rules Oregon Revised Statutes
Federal Filing Requirements/Federal Filing Dates	Publication 17, Chapter 1
Federal Filing Status	Publication 17, Chapter 2
Personal and Dependent Exemptions	Publication 17, Chapter 3
Gross Income	Publication 17, Chapters: 6-9 & 12
Standard and Itemized Deductions Medical, Taxes, Interest	Publication 17, Chapters: 21-25 Publication 970
Itemized Deductions Contributions, Casualty, Car and Employee Business Deductions, Work-related Deductions, Miscellaneous Deductions	Publication 17, Chapters: 26-30
Adjustments to Income IRA, Moving, Alimony Miscellaneous Adjustments	Publication 17, Chapters: 18-20 1040 Instructions Publication 970
OREGON Form 40 ERA Program (Elderly Rental Assistance)	Publication 17 ½ Oregon Instructions 40 & 40S
Other Income Rental Income and Expense Retirement Plans, Pensions, Annuities Other Income	Publication 17, Chapters: 10-11 & 13
Mid-Term Examination	
Schedules C – F – SE	Publication 225 and 334
Basis of Assets and Depreciation	Publication 17, Chapters: 10 & 14 Publication 225 and 334
Sale & Exchange of Capital Assets Personal Residence, Bad Debts, Installment Sales	Publication 17, Chapters: 15-17
Supplemental Gains & Losses Form 4797	Publication 225 and 334
OREGON Part Year and Non-Resident	Publication 17 ½ Oregon Instructions 40N & 40P
Credits	Publication 17, Chapters: 33-38 Publication 970
Other Taxes and Payments Alternative Minimum Tax Minor Children Estimated Tax, Excess FICA	Publication 17, Chapters: 4-5, 11 & 31-32
Review Final Examination Review Final Examination Interviewing Techniques Amended Returns	

**BOARD OF TAX PRACTITIONERS
CONSULTANT EXAMINATION SUBJECT OUTLINE
includes approximate percentage of coverage**

<u>FEDERAL</u>		<u>FEDERAL</u>	
<u>How to File</u>	6%	<u>Itemized Deductions</u>	12%
1 Filing Status		1 Medical	
2 Personal Exemptions		2 Taxes	
3 Filing Requirements		3 Interest	
4 Dependents		4 Contributions	
<u>Earned Income</u>	2.5%	5 Casualty losses	
1 Wages		6 Miscellaneous Deductions	
2 Tips		a. Employee Business	
3 Fringe Benefits		b. Production of Income	
<u>Interest</u>	2%	c. Education	
1 Taxable		<u>Credits</u>	3.5%
2 Exempt		1 Child Care	
3 OID		2 Child Tax	
<u>Dividends</u>	2%	3 Earned Income	
1 Ordinary		4 Education	
2 Nontaxable		5 Mortgage Interest	
3 Capital Gain		6 Other	
<u>Business Income and Deductions</u>	4.5%	<u>Estimated Payments</u>	1%
<u>Passive Activities and Rentals</u>	3%	<u>Self Employment Tax</u>	.5%
<u>Farms</u>	1.5%	<u>Alternative Minimum Tax</u>	1.5%
<u>Pensions and Annuities</u>	2%	<u>Other Taxes</u>	2.5%
<u>Social Security</u>	1%	1 Lump Sum Distributions	
<u>Depreciation</u>	3%	2 Penalties	
<u>Sales of Property</u>	17.5%	3 Tips	
1 Basis		4 Household Employment	
2 Capital Assets		<u>Net Operating Losses</u>	1%
3 Business Property		<u>& At Risk Amounts</u>	
4 Residence		<u>Amended Returns</u>	1.5%
5 Installment and Repossessions		<u>Other Areas</u>	.5%
6 Depreciation Recapture		<u>Adjustments</u>	4%
7 Involuntary Conversions		1 IRA, SEP, KEOGH	
8 Nontaxable Exchanges		2 Alimony	
<u>Miscellaneous Income</u>	2%	3 Moving Expenses	
		4 Other	

❖ Changes made to the index for this season – None to federal

**BOARD OF TAX PRACTITIONERS
CONSULTANT EXAMINATION SUBJECT OUTLINE
includes approximate percentage of coverage**

OREGON

How to File ❖3%

- 1 Filing Status
- 2 Requirements
- 3 Non-Residents
- 4 Exemptions

Additions 3%

- 1 Municipal Bonds
- 2 Other

Subtractions 4%

- 1 Taxes
- 2 Interest
- 3 Military Pensions
- 4 Other Pensions
- 5 Other Subtractions

Deductions 2.5%

- 1 Standard Deduction
- 2 Itemized Deductions
- 3 Oregon Medical

Credits ❖4%

- 1 Child Care
- 2 Political
- 3 Exemption Credits
- 4 Retirement
- 5 Working Family
- 6 Other

Payments 1%

- 1 Estimated

Part Year/Non-Resident ❖2%

License Law ❖5.5%

- ❖ Changes made to the index for this season:
'Part Year/Non-Resident' category was added to Oregon – 2% was split between 'How to File', 'Credits' & 'License Law'

**BOARD OF TAX PRACTITIONERS
PREPARER EXAMINATION SUBJECT OUTLINE
includes approximate percentage of coverage**

FEDERAL		FEDERAL	
<u>How to File</u>	13.5%	<u>Itemized Deductions</u>	15%
1 Filing Status		1 Medical	
2 Dependents		2 Taxes	
3 Personal Exemptions		3 Interest	
4 Filing Requirements		4 Contributions	
		5 Casualty	
		6 Continuing education	
		7 Employee business expense	
		8 Miscellaneous	
		9 Limitations	
<u>Income</u>	11.5%	<u>Credits</u>	5%
1 Earned Income		1 Child Care	
2 Tips		2 Elderly, Disabled	
3 Interest		3 Earned Income	
4 Dividends		4 Education	
5 Business, Farm		5 Child Tax	
6 Retirement, Pensions		6 Adoption	
7 Rentals		7 Other Credits	
8 Depreciation			
9 Social Security			
10 Investment			
11 Other Income			
<u>Assets</u>	8.5%	<u>Other Taxes</u>	2.5%
1 Capital/Ordinary		1 Self Employment	
2 Basis		2 Alternative Minimum	
3 Sale of Capital Assets		3 Averaging/Lump Sum	
4 Sale of Business Assets (Form 4797)		4 Tax Computation	
5 Installment Sales (Form 6252)		5 IRAs and other retirement plans	
6 Personal Residence		6 Other	
<u>Adjustments</u>	5%	<u>Payments</u>	2.5%
1 IRA, SEP, Keogh, Simple		1 Estimated	
2 Alimony		2 Excess FICA	
3 Self-employed health insurance		3 Other	
4 Moving			
5 Education related			
6 Self-employment tax			
7 Penalty on early withdrawal			

(Over for Oregon)

❖ Changes made to the index for this season –
None

**BOARD OF TAX PRACTITIONERS
PREPARER EXAMINATION SUBJECT OUTLINE
includes approximate percentage of coverage**

OREGON

OREGON

<u>How to File</u>	4%
1 Filing Status	
2 Filing Requirements	
3 Non Resident Status	

<u>Additions</u>	3%
1 Interest	
2 Taxes	
3 Other	

<u>Subtractions</u>	6%
1 Taxes	
2 Interest	
3 Military	
4 Federal Pensions	
5 Social Security/ Railroad Retirement	
6 Oregon Refunds	
7 American Indian	
8 Lottery Winnings	
9 Domestic Partner Benefits	
10 Higher Education Expense	
11 Other	

<u>Deductions</u>	1.5%
1 Standard	
2 Itemized	
3 Special Medical	

<u>Credits</u>	3%
1 Child Care	
2 Elderly or the Disabled	
3 Retirement Income	
4 Political	
5 Working Family	
6 Earned Income	
7 Exemptions	
8 Long Term Care	
9 Residential Energy	
10 Other	

<u>Payments</u>	1%
1 Estimates	
2 Tax Computation	

<u>License Law, Rules of Conduct</u>	6%
---	-----------

<u>Mini Problems</u> (Federal & Oregon)	12%
--	------------

Approximately 65% is on federal law and 35% on state law. There are 200 questions on the exam.

(Over for Federal)

- ❖ Changes made to the index for this season – None

This reference guide will be provided to all candidates with their examination materials. You will NOT be able to bring a copy of this reference guide with you into the examination.

FEDERAL

Mileage Rates:

2007 Key Tax Amounts:

-Exemption: **\$3,400**

-Child Tax Credit = **\$1,000 per child**

-Excess FICA = **\$6,045**

Business	Charity	Moving	Medical
48.5 cents	14 cents	20 cents	20 cents

Standard Deduction

Filing Status	MFJ or QW	Single	HOH	MFS
Basic Deduction	\$10,700	\$5,350	\$7,850	\$5,350
Blind *	\$1,050	\$1,300	\$1,300	\$1,050
65 or over *	\$1,050	\$1,300	\$1,300	\$1,050
Dependent	Greater of \$850 or earned income plus \$300 but not to exceed \$5,350			

* Add to basic deduction amount. If married filing jointly and both taxpayers qualify, add \$2,100 to the basic deduction amount.

2007 Phase-Out Ranges:

Filing Status	MFJ	QW	Single	HOH	MFS
Education Savings Bond Interest Exclusion	\$98,400 - \$128,400	\$98,400 - \$128,400	\$65,600 - \$80,600	\$65,600 - \$80,600	N/A
Itemized Deductions*	\$156,400	\$156,400	\$156,400	\$156,400	\$78,200
Personal Exemptions	\$234,600-\$357,100	\$234,600-\$357,100	\$156,400-\$278,900	\$195,500-\$318,000	\$117,300-\$178,550
Student Loan Interest Deduction	\$110,000-\$140,000	\$55,000-\$70,000	\$55,000-\$70,000	\$55,000-\$70,000	N/A
Tuition and Fees Deduction...\$4,000**	\$130,000	\$65,000	\$65,000	\$65,000	N/A
Tuition and Fees Deduction...\$2,000**	\$160,000	\$80,000	\$80,000	\$80,000	N/A
Coverdell Education Savings Account ESA	\$190,000-\$220,000	\$95,000-\$110,000	\$95,000-\$110,000	\$95,000-\$110,000	\$95,000-\$110,000
Roth IRA	\$156,000-\$166,000	\$156,000-\$166,000	\$99,000-\$114,000	\$99,000-\$114,000	\$0-\$10,000
Traditional IRA	\$83,000-\$103,000	\$83,000-\$103,000	\$52,000-\$62,000	\$52,000-\$62,000	\$0-\$10,000
Child Tax Credit	\$110,000-\$130,000	\$75,000-\$95,000	\$75,000-\$95,000	\$75,000-\$95,000	\$55,000-\$75,000
Hope Scholarship & Lifetime Learning Credit	\$94,000-\$114,000	\$47,000-\$57,000	\$47,000-\$57,000	\$47,000-\$57,000	N/A
Saver's Credit	\$30,000-\$52,000	\$15,000-\$26,000	\$15,000-\$26,000	\$22,500-\$39,000	\$15,000-\$26,000

* Phase-out begins at this amount

**No deduction allowed if taxpayer's AGI exceeds this amount

Reference guide continued on next page

OREGON

Oregon Basic Information 2007:

-Exemption Credit: **\$165**

Standard Deduction 2007:

Filing Status	Standard Deduction	+ Age 65 or over, Blind (each)
Married Filing Joint/Qual Widow(er)	\$3,650	\$1,000
Single	\$1,825	\$1,200
Head of Household	\$2,940	\$1,200
Married Filing Separately	\$1,825	\$1,000
<i>If Spouse Itemizes Deductions</i>	NONE	
Dependent Children:	Greater of \$850 or the amount of earned income, plus \$300 (not to exceed \$1,825) * Blind dependent: Add \$1,200	

Oregon Filing Requirements:

Filing Status	Age	If gross income is more than:
Single, can be claimed on another's return	Any	\$850*
Single	Under 65	\$4,990
	65 or Over	\$6,190
Married, joint return	Both under 65	\$9,995
	One 65 or over	\$10,995
	Both 65 or over	\$11,995
Married, separate return	Under 65	\$4,990
	65 or over	\$5,990
Head of Household	Under 65	\$6,240
	65 or over	\$7,440
Qualifying Widow(er)	Under 65	\$6,950
	65 or over	\$7,950

In addition, file a return if:

-- You are required to file a federal return

-- You had \$1/more of OR inc. tax w/held from your wages.

*The larger of \$850 or your earned income plus \$300, up to your standard deduction amount.

Child & Dependent Care Credit:

Federal Taxable Income Form 1040, line 42 OR Form 1040A, line 27	Your decimal amount is:
Over ----- – But not over \$5,000	.30
Over \$5,000 – But not over \$10,000	.15
Over \$10,000 – But not over \$15,000	.08
Over \$15,000 – But not over \$25,000	.06
Over \$25,000 – But not over \$35,000	.05
Over \$35,000 – But not over \$45,000	.04
Over \$45,000 – But not over -----	.00

Working Family Child Care Credit Tables

TABLE 1, HOUSEHOLD SIZE = 1		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$20,400	.40
20,401	– 21,450	.36
21,451	– 22,450	.32
22,451	– 23,500	.24
23,501	– 24,500	.16
24,501	– 25,550	.08
25,551	– -----	.00
TABLE 3, HOUSEHOLD SIZE = 3		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$34,350	.40
34,351	– 36,050	.36
36,051	– 37,750	.32
37,751	– 39,500	.24
39,501	– 41,200	.16
41,201	– 42,950	.08
42,951	– -----	.00
TABLE 5, HOUSEHOLD SIZE = 5		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$48,250	.40
48,251	– 50,650	.36
50,651	– 53,100	.32
53,101	– 55,500	.24
55,501	– 57,900	.16
57,901	– 60,350	.08
60,351	– -----	.00
TABLE 7, HOUSEHOLD SIZE = 7		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$62,200	.40
62,201	– 65,300	.36
65,301	– 68,400	.32
68,401	– 71,500	.24
71,501	– 74,600	.16
74,601	– 77,750	.08
77,751	– -----	.00

TABLE 2, HOUSEHOLD SIZE = 2		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$27,400	.40
27,401	– 28,750	.36
28,751	– 30,100	.32
30,101	– 31,500	.24
31,501	– 32,850	.16
32,851	– 34,250	.08
34,251	– -----	.00
TABLE 4, HOUSEHOLD SIZE = 4		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$41,300	.40
41,301	– 43,350	.36
43,351	– 45,450	.32
45,451	– 47,500	.24
47,501	– 49,550	.16
49,551	– 51,650	.08
51,651	– -----	.00
TABLE 6, HOUSEHOLD SIZE = 6		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$55,200	.40
55,201	– 58,000	.36
58,001	– 60,750	.32
60,751	– 63,500	.24
63,501	– 66,250	.16
66,251	– 69,050	.08
69,051	– -----	.00
TABLE 8, HOUSEHOLD SIZE = 8		
Amount on Schedule WFC, line 15: At least:	but not more than:	Decimal, line 17
-----	\$69,150	.40
69,151	– 72,600	.36
72,601	– 76,050	.32
76,051	– 79,500	.24
79,501	– 82,950	.16
82,951	– 86,450	.08
86,451	– -----	.00

Sample Test with Frequently Missed Questions

PREPARER MOST MISSED QUESTIONS
Taken During the 2007-2008 Exam cycle on 2006 Tax Law
Referenced to 2007 Publications

Answers, subject matter and references can be found on the attached pages

These questions are published for subject matter only. They may have been updated since used on a current test.

1. Real estate held long term was sold at a gain. This gain is taxed at what maximum capital gain rate?
- A. 5%
 - B. 15%
 - C. 25%
 - D. 28%

Mini Problem – Form 8863 Needed

Jane Bryant is claimed as a dependent by her parents on their tax return. She is a full-time accounting student at Willamette University in her freshman year. Her school expenses paid to Willamette are:

\$2000	Tuition
\$50	Student body card
\$200	Computer lab fees
\$100	Athletic insurance
\$400	Second-hand books for Joe's Bookstore
\$1000	Dorm lodging
\$1000	Dorm food

Jane received a \$500 scholarship for tuition from the local Elks Club. Her parents adjusted gross income is \$75,000 and their tax liability is \$1,425.

2. Part 1 – Form 8863, Line 2 would total:
- A. \$1000
 - B. \$1300
 - C. \$1425
 - D. \$1650
3. Part II – Form 8863, Line 6c would total (if hope credit was not used):
- A. \$350
 - B. \$400
 - C. \$500
 - D. \$800

PREPARER MOST MISSED QUESTIONS (Cont.)

4. Which of the following items, paid for on behalf of a dependent, constitute support for determining dependency exemption?
- A. Income tax
 - B. Purchase of an automobile
 - C. Life insurance premiums
 - D. None of the above
5. Angela reported total gambling income of \$580 on her federal return, (\$500 from the Oregon Lottery plus \$80 from the horse races). On her federal Schedule A, Angela deducted \$300 of gambling losses. Her Oregon addition is:
- A. \$0
 - B. \$220
 - C. \$280
 - D. \$380

Mini Problem - Schedule A Needed

John and Pat file a joint return which included Schedules A, B and E. They live in Eugene, Oregon. John's mother is on a union pension of \$1,045 per year and lives in the basement apartment of their home. John and Pat had a total adjusted gross income of \$79,780 for the tax year. They paid the following expenses:

\$627 Mother's medical insurance
\$758 Mother's doctor and hospital bills
\$3,986 John and Pat's medical expenses
\$737 John and Pat's hospital expenses
\$11,348 State withholding
\$1,097 Home real estate taxes
\$1,100 Real estate tax (recreational lot in California)
\$915 Real estate tax (Crooked River Ranch lot)
\$600 US Customs tax (shotgun imported from Sweden)
\$325 Real estate tax (rental house in Cleveland, Ohio)
\$1,500 Credit union interest
\$1,190 Credit card interest
\$4,840 Interest paid (rental house in Cleveland, Ohio)
\$1,385 Interest paid on mother's car
\$1,148 Qualified home equity loan interest
\$290 Contribution to church
\$171 Contribution to Goodwill
\$50 Contribution to Democratic Party
\$180 Bingo at church
\$60 Dues to Elks Lodge
\$240 Tax preparation fee
\$244 Professional subscriptions
\$250 Attorney fee for drafting will
\$60 Safe deposit box holds stocks and bonds
\$285 Investment expenses
\$90 Collection fees paid on an installment contract
\$1,025 Unreimbursed travel expenses from Form 2106

6. Line 9 on Schedule A is:
- A. \$12,445
 - B. \$14,460
 - C. \$14,785
 - D. \$15,060

PREPARER MOST MISSED QUESTIONS (Cont.)

7. Interest income from Puerto Rico bonds is an addition to Oregon income.
- A. True
 - B. False

Mini Problem - No Form Needed to Complete

Amy (single) moved from Montana to Portland, Oregon to take a job in Vancouver, Washington. After becoming an Oregon resident, Amy paid her moving expenses. Amy paid the following:

Storage for 30 days - \$80

Rented moving truck (\$55 each trip) - \$110

Meals - \$35

Gas, oil for personal vehicle (\$70 1st trip / \$65 2nd trip) - \$135

To disconnect utilities - \$50

8. Amy may deduct moving expenses on her Oregon return in the amount of:
- A. \$0
 - B. \$260
 - C. \$310
 - D. \$325

Mini Problem - No Form Needed to Complete

Stanley is single and his W-2 wages for 2006 are \$1,000,000. He has no other income from any source and does Not itemize deductions. He has two employers.

9. Stanley is subject to the alternative minimum tax.
- A. True
 - B. False

CONSULTANT MOST MISSED QUESTIONS
Taken During the 2007-2008 Exam cycle on 2006 Tax Law
Referenced to 2007 Publications

Answers, subject matter and references can be found on the attached pages

These questions are published for subject matter only. They may have been updated since used on a current test.

1. You paid \$4,000 and your brother paid \$2,000 for the total cost of maintaining a separate apartment for your mother, who had no income. You are married but did not live with your spouse the last seven months of the year. You may file as Head of Household.
 - A. True
 - B. False

2. Mr. Wintergreen discovers he failed to report \$1,000 in interest income. He files an amended return which increases his Adjusted Gross Income (AGI). The change in AGI may increase which of the following on his Schedule A:
 - A. Medical expense deduction
 - B. Charitable contributions
 - C. Miscellaneous itemized deductions
 - D. No change

3. Susie, a single taxpayer, filed a tax return that showed the following:
Salary (W-2) - \$3,000
Schedule C Business Loss - (\$10,300)
Interest income - \$2,110
Adjusted gross income - (\$5,190)
Compute the amount of Susie's Net Operating Loss. **WORKSHEET ATTACHED (Form 1045, page 2)**
 - A. \$ 5,190
 - B. \$ 7,300
 - C. \$10,300
 - D. \$12,990

4. Which of the following is not an Oregon credit:
 - A. Crop gleaning
 - B. Rural Medical Practitioners
 - C. Long-term healthcare premium
 - D. Low income housing credit

5. The Smith family received a special assessment for a new sewer installed by the city. They paid this assessment in monthly payments with interest. The Schedule A shows the interest:
 - A. Portion is deducted as mortgage interest
 - B. Is deductible as real estate taxes
 - C. Is not deductible
 - D. Is added to the basis of the home

6. Dan refinanced his home in 1999. At the end of last year, he still has \$1,400 in points remaining to be deducted from the 1999 refinance. In the current year, Dan refinanced again and paid \$2,000 in points on the new loan. Fifty percent of the new loan is used for home improvements and 50 percent is used to pay off the old loan. On his current Schedule A, he can deduct:
 - A. All \$2,000 in points from the new loan
 - B. \$3,400 in points from both loans
 - C. \$2,400 and amortize \$1,000 over the life of the new loan
 - D. \$1,400 and amortize \$2,000 over the life of the new loan

CONSULTANT MOST MISSED QUESTIONS (Cont.)

7. The optional method of computing self-employment tax is limited to five years for a farmer.
- A. True
 - B. False
8. Taxpayer's federal return shows the following taxes and credits (joint return):
- Tax before credits - \$2,000
Self-employment tax - \$500
Additional tax on early withdrawal - \$500
Child tax credit - \$1,000
Advanced earned income credit payment - \$250
Child care credit - \$100
- What is their federal tax subtraction on their Oregon return?
- A. \$1,400
 - B. \$1,650
 - C. \$2,150
 - D. \$3,850
9. Capital gains portions of dividends distribution must be reported on Schedule D.
- A. True
 - B. False
10. Which of the following incomes would not need to be reported?
- A. \$2,000 safety achievement award
 - B. Sick pay from a third party
 - C. Employees share of social security and Medicare taxes paid by employer
 - D. Pension from Veterans Affairs
11. Becky hosted a candle party. She earned \$800 worth of candles for hosting. She spent \$80 for party food and decorations. Becky must report the income as:
- A. \$800 line 21, form 1040
 - B. \$720 line 21, form 1040
 - C. zero - not required to report
 - D. self-employment, Schedule C
12. The penalty amount for filing a frivolous return is _____.
- A. \$250
 - B. \$500
 - C. \$750
 - D. \$1,000
13. The taxpayer received \$700 interest on a US Government treasury note. During the year, he paid \$125 interest on a loan used to purchase the Treasury note which he claimed on Schedule A. The Oregon adjustment(s) would be:
- A. \$700 subtraction
 - B. \$575 subtraction
 - C. \$700 subtraction and \$125 addition
 - D. \$700 subtraction and \$125 adjustment to itemized deductions

CONSULTANT MOST MISSED QUESTIONS (Cont.)

14. Oregon residential energy credits are available for all except:
- A. solar energy electrical system
 - B. energy efficient appliances
 - C. thermal pane windows
 - D. fuel cell systems
15. Practitioners are required to submit 30 hours of acceptable continuing education annually with their renewal. Which of the following general subject matters is acceptable:
- A. Memory Improvement
 - B. Computer Technology
 - C. Labor Law
 - D. Buying or selling a tax practice
16. When a Licensed Tax Consultant holds a business registration and does not renew their business registration annually on or before June 15th, which business registration application is required before the Board of Tax Practitioners may issue an active business registration:
- A. amended
 - B. expired
 - C. new
 - D. inactive
17. Taxpayer received \$20,000 in wages, \$100 interest on savings, and \$500 interest on Idaho municipal bonds. He had borrowed the money to purchase the bonds and paid \$200 in interest on the loan. The taxpayer itemized on his federal return. His addition to Oregon is:
- A. \$0
 - B. \$200
 - C. \$300
 - D. \$500
18. Mr. and Mrs. Taxpayer are nonresidents of Oregon, but she works in Oregon. They filed a joint federal return. They can file separate Oregon returns.
- A. True
 - B. False
19. Non-resident and part year residents to Oregon may owe interest on underpayment of estimated tax if they owe Oregon tax of:
- A. \$750
 - B. \$850
 - C. \$1050
 - D. none of the above
20. Taxpayer's federal return shows the following: tax before credits \$500; child care credit \$50; earned income credit \$100. What is the federal tax subtraction on his Oregon return?
- A. \$350
 - B. \$400
 - C. \$450
 - D. \$500

CONSULTANT MOST MISSED QUESTIONS (Cont.)

21. Mr. Walker is a Licensed Tax Consultant and operates a tax business with offices in McMinnville and Dallas. Mr. Walker recently acquired an additional tax business from a close friend in Salem, as the friend was unable to continue operating the business due to unforeseen medical circumstances. Mr. Walker visits all three offices on a weekly basis to review the work of the Licensed Tax Preparers. Mr. Walker requested and was granted a Designated Consultant waiver from the Board to operate the third business. How long will the waiver be in force:
- A. For as long as the business is registered with the Board
 - B. For one year from the date the waiver was granted
 - C. For three years from the date the waiver was granted
 - D. Until a date established by the Board

**For more sample consultant examination questions, please
refer to our website at:**

http://www.oregon.gov/OTPB/docs/Forms/Sample_Consultant_Exam.pdf

Frequently Missed Topics

The most commonly missed topics on 2007/2008 examinations were questions concerning the following:

Preparer Exams:

1. Assets (Federal) – Real estate and capital gains
2. Mini Problem – Form 8863 & full time student dependents
3. How to File (Federal) - Dependent exemptions
4. Additions (Oregon) – Gambling losses & dividends; Reporting requirements for interest earned
5. Mini Problem – Schedule A; reporting miscellaneous expenses
6. Mini Problem (Oregon) – Reporting requirements for interest income
7. Mini Problem (Oregon) – Deducting moving expenses
8. Mini Problem – reporting Social Security withholdings; alternative minimum tax

Consultant Exams:

1. How to File (Federal) - Filing requirements; Head of household
2. Amended Returns (Federal) - Changes in Adjusted Gross Income (AGI)
3. NOL & At Risk (Federal) – Computing net operating loss's
4. Credits (Oregon) – Low income housing
5. Itemized Deductions (Federal) – Interest deductions as real estate tax & loan amortization
6. Other Taxes (Federal) – Computing self-employment tax as a farmer; Penalties for filing frivolous returns
7. Subtractions (Oregon) – reporting federal tax subtraction on OR return
8. Dividends (Federal) – Reporting capital gains distribution
9. Earned Income (Federal) – Veterans pension
10. Misc. Income (Federal) – Reporting miscellaneous income
11. Additions (Oregon) – Interest income and adjustments to itemized deductions
12. Credits (Oregon) – Energy credits
13. License Law (Oregon) – Continuing education; license renewal & business registration; Designated Consultant waivers
14. How to File (Oregon) – Non-resident status
15. Payments (Oregon) – interest on underpayment of estimated tax

STATE BOARD OF TAX PRACTITIONERS
PREPARER EXAMINATION

LIST OF SOURCE DOCUMENTS

All questions in the Preparer Exam are derived from the following source documents:

FEDERAL:

- Pub. 17
- Pub. 225 - Farmer's Tax Guide
- Pub. 334 - Tax Guide for Small Business
- Pub. 521 – Moving Expenses
- Pub. 527 – Residential Rental Property
- Pub. 946 – How to Depreciate Property
- Pub. 970 – Tax Benefits for Education
- Federal Form 1040 Instructions (not forms booklets)
- Form 6252 Instructions – Installment Sales

OREGON:

- Pub. 17-1/2 (Oregon)
- Oregon Forms 40S & 40 With Instructions
- Oregon Forms 40N & 40P With Instructions
- Oregon Administrative Rules, Chapter 800: *800-010-0015 through 800-030-0050*
- Oregon Revised Statutes, Chapter 673: *673.605 through 673.990*

As extra reference material, Publication; 553 – Highlights of (current year) tax changes, Publication; 596 – Earned Income Credit (EIC) & Publication; 587 – Business Use of Home may be helpful to students, but are not considered by the Tax Board to be required.

Updated: 9/1/08 - Supersedes all prior versions

STATE BOARD OF TAX PRACTITIONERS
CONSULTANT EXAMINATION

LIST OF SOURCE DOCUMENTS

All questions in the Consultant exam are derived from the following source documents:

FEDERAL:

- Pub. 17
- Pub. 225 – Farmer’s Tax Guide
- Pub. 334 – Small Business Guide
- Pub. 463 – Travel, Entertainment, Gift, & Car Expenses
- Pub. 502 – Medical & Dental Expenses
- ❖ Pub. 519, Chapter 1 – U.S. Tax Guide for Aliens
- Pub. 521 – Moving Expenses
- Pub. 523 – Selling Your Home
- Pub. 525 – Taxable and Nontaxable Income
- Pub. 535 – Business Expenses
- Pub. 536 – Net Operating Losses for Individuals, Estates and Trusts
- Pub. 537 – Installment Sales
- Pub. 544 – Sales & Other Dispositions of Assets
- Pub. 550 – Investment Income & Expenses
- Pub. 551 – Basis of Assets
- Pub. 553 – Highlights of (current year) tax changes
- Pub. 575 – Pension and Annuity Income
- Pub. 587 – Business Use of Home
- Pub. 590 – Individual Retirement Arrangements (IRAs)
- Pub. 596 – Earned Income Credit
- Pub. 925 – Passive Activities
- Pub. 936 – Home Mortgage Interest Deductions
- Pub. 946 – Depreciation
- Pub. 970 – Tax Benefits for Higher Education
- Federal Form 1040 Instructions (not forms booklets)
- Federal Form 6251 Instructions – Form AMT Instructions

OREGON:

- Pub. 17-1/2 (Oregon)
- Oregon Forms 40S & 40 With Instructions
- Oregon Forms 40N & 40P With Instructions
- Oregon Administrative Rules, Chapter 800: *800-010-0015 through 800-030-0050*
- Oregon Revised Statutes, Chapter 673: *673.605 through 673.990*

❖ **New publication added for the 2008/2009 season**

Other publications and documents that you may find useful in assisting you in studying for the examination are: Form 2106 and Form 4797 Instructions.

Updated: 9/1/08 - Supersedes all prior versions.

Answers, Subject Matter and References

Frequently Missed Questions

References can be found in 2007 tax law publications, booklets & instructions

PREPARER

- | | |
|--|---|
| 1.) Correct Answer: 25% (C)
Subject Matter: Assets
Reference: Pub. 17, Chapter 16 | 6.) Correct Answer: \$14,460 (B)
Subject Matter: Mini Problems
Reference: Pub. 17, chap. 5 |
| 2.) Correct Answer: \$1,425 (C)
Subject Matter: Mini Problems
Reference: Pub. 17, Chapter 35 | 7.) Correct Answer: False (B)
Subject Matter: Additions
Reference: Pub. 17 1/2 |
| 3.) Correct Answer: \$350 (A)
Subject Matter: Mini Problems
Reference: Pub. 17, Chapter 35 | 8.) Correct Answer: \$310 (C)
Subject Matter: Mini Problem/ Adjust to Income
Reference: Pub. 17 1/2 |
| 4.) Correct Answer: Purchase of... (B)
Subject Matter: How to File
Reference: Pub. 17, Chapter 3 | 9.) Correct Answer: False (B)
Subject Matter: Mini Problem
Reference: 1040 Instruction |
| 5.) Correct Answer: \$220 (B)
Subject Matter: Additions
Reference: Pub. 17 1/2 | |

CONSULTANT

- | | | |
|--|---|--|
| 1.) Correct Answer: False (B)
Subject: How to File.
Reference: Pub. 17, Chap. 2 | Subject: Earned Income
Reference: Pub. 525 | Reference: Pub. 17.5 |
| 2.) Correct Answer: Charitable(B)
Subject: Amended Returns
Reference: Pub. 17, Chap. 24 | 11.) Correct Answer: \$800 (A)
Subject: Misc. Income
Reference: Pub. 17, Chap.12 | 20.) Correct Answer: \$450 (C)
Subject: OR Subtractions
Reference: Pub. 17.5 |
| 3.) Correct Answer:\$7300 (B)
Subject: NOL & At Risk
Reference: Pub. 536 | 12.) Correct Answer: \$500 (B)
Subject: Other Taxes
Reference: Pub. 17, Chap. 1 | 21.) Correct Answer: Until... (D)
Subject: OR License Law
Reference: OAR800-025-0060 |
| 4.) Correct Answer: Low ...(D)
Subject: Credits
Reference: Pub. 17 1/2 | 13.) Correct Answer: \$575 (B)
Subject: OR Additions
Reference: Pub. 17.5 | |
| 5.) Correct Ans.: Is deductible(B)
Subject: Itemized Deductions
Reference: Pub. 17, Chap. 13 | 14.) Correct Answer: thermal... (C)
Subject: OR Credits
Reference: Pub. 17 1/2 | |
| 6.) Correct Answer: \$2400... (C)
Subject: Itemized Deductions
Reference: Pub. 17, Chap. 23 | 15.) Correct Answer: Computer(B)
Subject: OR License Law
Reference: OAR 800-015-0020 | |
| 7.) Correct Answer: False (B)
Subject: Other Taxes
Reference: Pub. 225 | 16.) Correct Answer: New... (C)
Subject: OR License Law
Reference: OAR800-025-0025 | |
| 8.) Correct Answer: \$1,400 (A)
Subject: OR Subtractions
Reference: Pub. 17.5 | 17.) Correct Answer: \$300 (C)
Subject: OR Additions
Reference: Pub. 17 1/2 | |
| 9.) Correct Answer: Claim... (B)
Subject: Dividends
Reference: Pub. 17, Chap. 16
& Form 1040 Instructions | 18.) Correct Answer: False (B)
Subject: OR How to File
Reference: Pub 17 1/2, 40N &
40P Instructions | |
| 10.) Correct Answer: Pension.. (D) | 19.) Correct Answer: \$1050 (C)
Subject: OR Payments | |

Schedule and Location of Examinations

Board Administered Examination (All Exams):

December 13, 2008

SALEM

Winema Place - Chemeketa Community College
4061 Winema Place N.E. - Building #50
Salem, Oregon 97305

Application DEADLINE: 5:00 p.m. - November 12, 2008

For additional information regarding the Board Administered Examination, please refer to the following link on our website: [http://www.oregon.gov/OTPB/Board Exam Info.shtml](http://www.oregon.gov/OTPB/Board_Exam_Info.shtml)

All Examinations administered will be based on **2007** tax law.

Proctor Site Examinations (All Exams):

For Consultant Exam based on 2007 tax law:

Starting August 1, 2008 By appointment at various proctor sites throughout Oregon
(see proctor site list in back of this booklet)

For Preparer Exam based on 2007 tax law:

Starting September 1, 2008 By appointment at various proctor sites throughout Oregon
(see proctor site list in back of this booklet)

Please note: If you wish to take the updated examination you must file/submit your application to the board office on or after the date the examination is updated, i.e. Consultants on or after August 1st / Preparer on or after September 1st.

Exam applications and fees should be mailed at least 30 days prior to the date in which you wish to take the examination to ensure your exam approval is processed in time. All examination fees and applications must be submitted to the board office. Once you receive an examination approval notice, you may contact the proctor site you selected to schedule an appointment. DO NOT contact the proctor site to schedule your examination prior to receipt of your examination approval notice as they will not have an examination for you to take.

The board office will mail examinees their assigned I.D. number as well as specific information about the exam, location, and any other details/information needed for the examination. If attending a proctor site examination, the board office will send the proctor site the necessary examination materials to administer the examination at the same time.

Please Note: Due to security reasons candidates CANNOT make application for more than one examination at a time. Examination location selection is FINAL upon submission of your examination application to the board office.

2008/2009 Examination Proctor Site Information

The following proctor sites offer Tax Board examinations. Please indicate only **one** location on your exam application form (Be sure to indicate the site code in Section 2 of your application). **Location selection is FINAL at the time of application** (Be sure to add the proctor fee to your total). You must take the test within **60 days** of the date on your examination approval notice or your application expires and you must resubmit a new application with all applicable examination fees. **Please note:** Once you receive your examination approval notice from the Tax Board, you must contact the proctor site to schedule an exam appointment. **DO NOT** contact the proctor site to schedule your examination prior to receipt of your examination approval notice as they will not have an examination for you to take.

TOWN & CODE	COLLEGE	SCHEDULE	EXAM TYPE	FEES
Albany Site Code for Application: LBCC	Linn Benton Community College 6500 Pacific Blvd. SW Albany, OR 97321 (541) 917-4781 Contact: Patty McMenamin OR Nona Knauss *Please go to www.linnbenton.edu/go/campus-maps for directions & map to exam location	Every week: Mon, Wed. & Fri. at 10:00a.m. By Appointment ONLY No more than 5 appointments per day.	All exams	\$20
Astoria Site Code for Application: CLAT	Clatsop Community College 1653 Jerome Avenue Astoria, OR 97103 (503) 338-2426 Contact: Rich Byers e-mail: rbyers@clatsop.cc.or.us	Dec. 6, 2008 9am – 2pm Jan. 9, 2009 9am – 2pm By Appointment ONLY – contact for details	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$20 \$30
Bend Site Code for Application: COCC	Central OR Community College 2600 NW College Way Bend, OR 97701 (541) 383-7539 Contact Kellie Smith *Please go to www.cocc.edu for directions & map to exam location	Mon–Fri - By Appointment ONLY Hours: Mon. – Thurs. 8:30 a.m. – 9:30 p.m. Fri. 8:30 – 4:30 p.m.	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$25 \$40
Brookings Site Code for Application: SOCC-B	Southwestern Oregon Community College 420 Alder Street Brookings, OR 97415 (541) 469-5017 Contact: Mary Whitaker * Upon request - School will provide map & directions to exam site.	By Appt. ONLY: 9:00 am – 2:00 pm	All exams	\$30
Coos Bay Site Code for Application: SOCC-CB	Southwestern Oregon Community College 1988 Newmark Coos Bay, OR 97420 (541) 888-7405 Contact: Susan Anderson	By Appt. ONLY: 8:00am – 2:00 pm Dec & Jan Saturday exam will be administered – call for details	All exams	\$30

TOWN & CODE	COLLEGE	SCHEDULE	EXAM TYPE	FEES
Eugene Site Code for Application: UOFO	University of Oregon Testing Center 1590 E 13 th Avenue Room 270 Eugene, Oregon 97403 (541) 346-3230 Contact: David Espinoza Lisa Montgomery *Please go to http://testing.uoregon.edu for directions & map to exam location	By appointment ONLY Mon. – Fri: 9:00 am – 5:00 pm	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$15 \$25
Grants Pass Site Code for Application: RCC	Rogue Community College Testing Center 214 SW 4 th Street Grants Pass, Oregon 97526 (541) 956-7494 Contact: Donna Love/Peggy Odle	By appointment ONLY Mon. – Fri: 8:00 am – 4:00 pm <i>Subject to room availability</i>	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$15 \$40
Klamath Falls Site Code for Application: KCC	Klamath Community College Learning Resources Center 7390 S 6 th Street Klamath Falls, OR 97603 (541) 880-2258 Contact: Donna Libby * Upon request - School will provide map & directions to exam site.	By appointment ONLY Tues: 8 am – 2 pm Wed: 1 pm – 7 pm Sat: 10 am – 5 pm	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$15 \$25
La Grande Site Code for Application: EOU	Eastern Oregon University Testing Services IH 008 One University Blvd La Grande, OR 97850 (541) 962-3582 Contact: Helen Moore * Upon request - School will provide map & directions to exam site.	By appointment ONLY Sat – 8 a.m. to 2 p.m.	All exams	\$40
Medford Site Code for Application: SOU	Southern Oregon University 673 Market Street Medford, OR 97504 (541) 772-3478 Contact: Mary Lee Hurd * Upon request - School will provide map & directions to exam site.	By appointment ONLY Monday - Friday	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$25 \$35
Newport Site Code for Application: HMSC-GL	Hatfield Marine Science Center Guin Library 2030 S. Marine Science Drive Newport, OR 97365 (541) 867-0249 Contact: Janet Webster * Upon request - School will provide map & directions to exam site.	By appointment ONLY Every Week Mon through Fri Open from 9-7	All Exams	\$10

TOWN & CODE	COLLEGE	SCHEDULE	EXAM TYPE	FEES
Newport Site Code for Application: OCCC	Oregon Coast Community Col 332 SW Coast Highway Newport, OR 97365-4928 Contacts: (P=Primary/A=Alternate) P: Carol-Lynn Young (541) 574-7105 A: Cheryl Burkhart (541) 574-7138 * Upon request - School will provide map & directions to exam site.	By appointment ONLY	All exams	\$40
Ontario Site Code for Application: TVCC	Treasure Valley Community College Testing Center 650 College Blvd. Ontario, OR 97914 (541) 881-8822, ext. 417 Contact: Debbie Jo Wilson * Upon request - School will provide map & directions to exam site.	By appointment ONLY	All exams	\$40
Oregon City Site Code for Application: CLAC	Clackamas Community College 19600 Molalla Ave. Oregon City, OR 97045 (503)657-6958 ext. 2269 Contact: Tara Davisson	By Appointment ONLY Hours: Fri. 9:00 a.m. – 2:00 p.m.	All exams	\$35
Pendleton Site Code for Application: BMCC	Blue Mtn. Community College Testing Center 2411 NW Carden PO Box 100 Pendleton, OR 97801 Phone: (541) 278-5958 Contact: Wade Muller * Upon request - School will provide map & directions to exam site.	Mon. – Thurs. By Appointment ONLY Hours: Mon. – Thurs. 8:30 a.m. – 5:00 p.m.	All exams	\$25
Portland Site Code for Application: HEALD	Heald College Testing Center 625 SW Broadway Suite #200 Portland, Oregon 97205 Phone: (503) 229-0492 Contact: Barbara Bennett * Upon request - School will provide map & directions to exam site.	By Appointment ONLY	All Examinations	\$30
Portland Site Code for Application: PCC-RC	Portland Community College Rock Creek Campus - Building #9 17705 NW Springville Rd. Portland, OR 97229 (503) 614-7289 Contact: Diane Dorn	Every Friday- By Appointment ONLY Hours: 8:00 a.m. – 1:00 p.m.	All Examinations	\$30

TOWN & CODE	COLLEGE	SCHEDULE	EXAM TYPE	FEES
Portland Site Code for Application: PCC-SE	Portland Community College Southeast Center 2305 SE 82 nd Avenue MTH Room 107 Portland, OR 97216 (503) 788-6277 E-mail: jasmin.huskic@pcc.edu Contact: Jasmin Huskic Assistant: Ruslana Rozhanskaya * Upon request - School will provide map & directions to exam site.	By Appt. ONLY Monday through Friday	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$25 \$40
Roseburg Site Code for Application: UCC	Umpqua Community College Counseling & Testing 1140 College Rd. / P.O. Box 967 Roseburg, OR 97470 (541) 440-7659 Contact: Nancy Hart	2nd Monday of each month at 8:30 a.m.	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$10 \$25
Salem Site Code for Application: CHEM	Chemeketa Community College Testing Center 4000 Lancaster Drive NE Salem, OR 97309 (503) 399-6556 Contact: Linda Abundis *Please go to www.chemeketa.edu/aboutus/locations/salem/direction.html for directions & map to exam location	Weekly: Mon – 9 to 4 Wed – 9 to 7:30 Thurs – 10:30 to 7:30 Fri – 9 to 4 Some Sat – 9 to 1 By individual appointment ONLY	All exams	\$40
Tillamook Site Code for Application: TBCC	Tillamook Bay Community Col. Testing Center 2510 First Street Tillamook, OR 97229 (503) 842-8222 x 1130 Contact: Linda Ashby * Upon request - School will provide map & directions to exam site.	Call for dates - By appointment ONLY Dec 17 & Jan 9 Minimum of 5 candidates to hold exam	All exams	\$25
Wilsonville Site Code for Application: CLAC-WTC	Clackamas Community College Wilsonville Training Center 29353 Town Center Loop East Wilsonville, OR 97070 (503) 657-6958 x 4609 Contact: Joyce Gabriel	Monday - Saturday 9:00 a.m.– 4:00 p.m. By Appointment ONLY	1.5 hrs - Consultant State Only 5 hrs - Consultant or Preparer	\$20 \$40

Check the following URL frequently for updates to the proctor site listing:
http://www.oregon.gov/OTPB/docs/Forms/GEN_INFO.pdf