

GENERAL INFORMATION BOOK ON EXAMS

**For Exams between October 1, 2024
and September 30, 2025**



OREGON BOARD OF TAX PRACTITIONERS

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General Information

The Oregon Board of Tax Practitioners

The Oregon Board of Tax Practitioners was founded by the Legislature in 1973 to protect the public by regulating tax professionals, conducting examinations of candidates before licensure, and ensuring that practitioners receive annual continuing education. Through these activities and compliance enforcement, the Board achieves its mission: protecting Oregon consumers by ensuring Oregon tax practitioners are competent and ethical in their professional activities. There are approximately 3,500 tax professionals and 1,200 tax preparation businesses licensed by the Oregon Board of Tax Practitioners. The agency is funded entirely by exam fees, license fees, and civil penalties. The Oregon Legislature approves the Board's budget every two years.

Types of Licenses

Tax Preparer: This is an entry-level license that enables individuals to prepare personal income tax returns in Oregon for a fee. All Tax Preparers must work under the supervision of a licensed Tax Consultant. Tax preparer licenses expire every year on September 30th.

Tax Consultant: This license allows individuals to prepare personal income tax returns in Oregon for a fee as a self-employed or independent tax practitioner. Licensed Tax Consultants may also supervise licensed Tax Preparers. Every tax preparation office registered with the Board is required to have a licensed Tax Consultant on site. Tax Consultant licenses expire every year on May 31st.

Tax Preparation Business Registration: Any business or branch office that prepares personal income tax returns for a fee must be registered with the Board. Each location must also have a licensed Tax Consultant on site. Business and branch registrations expire annually on either June 15 or October 15.

Exempt Individuals: Certain individuals are exempt from licensure by the Oregon Board of Tax Practitioners. These include attorneys-at-law, certified public accountants (CPAs) and employees of attorneys and CPAs.

Enrolled Agents: This is a national certification administered and regulated by the Internal Revenue Service. This certification gives the holder the right to represent taxpayers before the IRS. **Enrolled agents must obtain an Oregon Tax Consultant license if they wish to prepare personal income taxes in Oregon. Applicants must submit a copy of a current Treasury card, take the Oregon exam and pass with a score of 75%.** Additional information on Enrolled Agent requirements may be found on the IRS website here: <https://www.irs.gov/tax-professionals/enrolled-agents/enrolled-agent-information>

Initial License Requirements

All licensees must:

- Be 18 years of age or older
- Possess a high school diploma or have passed an equivalency examination (GED)
- Possess a Preparer Tax Identification Number (PTIN) issued by the IRS
- Pass a state-administered exam with a score of 75% or higher

Licensed Tax Preparers must:

- Have successfully completed a Board-approved 80-hour personal income tax course

Licensed Tax Consultants must:

- Have 1,100 hours of work experience as a tax preparer within at least **two** of the past five years*
- Completed 15 hours of continuing education within the past 12 months
- Pass a state-administered licensing exam with a score of 75% or higher

*Enrolled agents are exempt from the work experience requirement if they hold a valid and signed Treasury Card

Please note: You may wish to contact the Board before applying for licensure if you answer “yes” to any of the following questions:

1. Has a license in any other occupation or professional capacity issued in your name by any governmental entity ever been refused, suspended, revoked, or restricted, *OR* have you ever voluntarily relinquished a professional license?
2. Are you aware of any current, proposed, pending or threatened professional complaints or civil or criminal action against you? Have you been convicted of, *OR* are you now under indictment for any criminal offense(s) of which an essential element is dishonesty, fraud or deception, per ORS 673.700(4)(b)?
3. Have you ever been required to appear before or been sanctioned by any professional body or federal or state agency for alleged misconduct?

If your answer is yes to any of these questions, you will be required to supply an explanation and provide date(s), location(s), and nature of the infractions(s).

Examinations

The tax preparer and tax consultant exams cover personal income tax law, theory and practice. Exam questions are a combination of true/false, multiple-choice and scenario-based mini-problems. Approximately 75% of the questions are on federal personal income tax law. Twenty-five percent of the questions are on Oregon personal income tax law and Oregon tax practitioner administrative rules.

All exams are administered by PSI in an electronic format at various testing locations across Oregon. A passing score on all exams is 75% or higher. Examinees receive their score immediately upon completion of their exam. There is no limit on the number of times an individual may attempt an exam, nor is there a mandatory waiting period between exam attempts. Exams are updated annually with new exams released on October 1st. Exams taken on or after October 1, 2024 will cover 2023 tax law.

Tax Preparer Examination

This is an “open-book” exam consisting of 163 questions. Four hours are provided to complete the exam. The exam is mostly true/false and multiple choice, with approximately 19 scenario-based mini-problems that require some basic calculations. All schedules, worksheets, and forms needed to solve the mini-problems are available on the Board’s website and must be downloaded prior to your exam. **All documents must be printed double-sided.** The 80-hour basic tax course provides the information and experience necessary to pass this exam. No prior tax preparation experience is required.

Tax Consultant Examination

This is a “closed-book” exam that contains 200 questions. The only document allowed in the exam room is IRS Publication 850. Examinees are given five hours to complete the test. Questions are much more complicated and advanced than those in the tax preparer examination. The tax consultant exam requires significant experience and knowledge gained from preparing personal income taxes over several years.

Enrolled Agent State-Only Examination

This “closed-book” exam consists of 50 questions with a 90-minute time limit. Only Enrolled Agents with valid Treasury Cards are eligible to take this exam. This exam covers Oregon personal income tax law and Chapter 800 of the Oregon Administrative Rules, which cover licensing requirements and the code of conduct. The only document allowed in the exam is IRS Publication 850.

Exam Fees

There are two fees associated with the Board’s licensing exams. The first is a \$60 application fee that is payable to the Board with submission of the initial exam application. The second fee is an exam administration fee that is paid directly to PSI for **each exam** scheduled. The exam administration fee for the tax preparer exam is \$50. The exam administration fee for the tax consultant exam or Enrolled Agent state-only exam is \$85. Fees are non-refundable and "no-shows" will forfeit any fees paid.

Exam Applications

Applications are available on the Board's website here:

<https://www.oregon.gov/obtp/Pages/Forms.aspx>

It is very important that all fields on the application be completed legibly. Incomplete or illegible applications will not be processed. An email address is required.

Approvals / Notifications

Exam applications are typically processed within three business days. You will be notified by the Board via email whether your application has been approved or if additional information is required. Your approval to sit for an exam is valid for 60 days. You may take the exam as many times as necessary within 60 calendar days of the date on your approval email from the Board (you must pay PSI for each exam taken). If you have not passed your exam within 60 days, you need to re-apply to the Board and pay the \$60 application fee. If you have not received a response from the Board within four business days of submitting your application, please call the Board at 971-701-1544 or email tax.bd@tax.oregon.gov.

Scheduling Your Exam

Within 24 hours of receiving the Board's approval notice, you should receive an email from PSI with instructions on how to pay for and schedule your exam. PSI has testing centers in the following cities: Aurora, Baker City, Bend, Eugene, Independence, Medford, Portland, and Wilsonville. Exams can be scheduled online at PSI's website Test-takers.psiexams.com, or by calling PSI at 855-746-8173 (Please call Monday through Friday between 4:30 am and 7:00 pm, and Saturday-Sunday between 8:00 am and 2:30 pm, Pacific Time.). **Note: the exam fee must be paid to PSI before you can schedule an exam.** Please contact the Board if you did not receive an email from PSI within two days after receiving an approval notification from the Board.

Testing Centers

You should arrive at the testing site 30 minutes before your scheduled exam time. **You must have a valid government-issued identification or you will not be allowed to test.** Arriving early will ensure there is ample time to confirm your eligibility, verify your identity, and familiarize yourself with the testing procedures. All exams are administered electronically on a personal computer. Examinees will receive an overview of the testing procedures, including the opportunity to view and answer a few sample questions before the exam begins.

Items Not Allowed in the Exam Room (All Exams)

- Electronic devices of any type, including cellular or mobile phones, recording devices, electronic watches, cameras, pagers, laptop computers, tablet computers (e.g., iPads), music player (e.g., iPods), smart watches, radios, or electronic games.
- Other personal items, including purses, backpacks, and non-transparent bags or containers, notebooks, briefcases, wallets, food or drinks.
- Programmable calculators

Retake Examinations

There is no limit on the number of times an individual may retake an examination, and there is no waiting period before rescheduling an exam. Applicants within the 60-day Board-approval period may reschedule an exam directly with PSI. Applicants outside the 60-day Board-approval period must re-apply to the Board and be re-approved before scheduling an exam.

Tax Preparer Exam Test-Taking Tips

Step 1: 144 questions (not including the mini problems)

On your first run-through, read the question, and if you know the answer without looking it up, answer it quickly, and move on. If you don't know it quickly without looking it up, you may make a guess, but don't dwell on it. Just mark the question to come back to it later and move on. Spend no more than 5-10 seconds on each question. This will enable you to get a chance to answer all the "easy ones" and not run out of time.

At this point, you should be around the half-hour mark. (144 questions @ 10 seconds = 24 minutes)

Step 2: mini-problems:

There are 19 mini-problems. You will get four to six scenarios, each with three to five questions. For example, you may get the details for a Schedule A, and it will ask you what's on specific lines of the Schedule A.

First, skip the scenario and read the question. If it's only asking about charitable donations and medical expenses, there's no reason to read about the interest and taxes paid, right? Don't fill out the entire schedule if you don't need to. Only do enough of the problem to answer the questions asked.

If you work through a question, and your answer doesn't match any of the options, don't dwell on it. Pick the answer that's closest, mark the question for further review, and move on to the next one.

Now you should be anywhere between one hour to 1.5 hours in.

Step 3: second pass (whole exam):

Okay, it's time to go back over the first 144 questions, just looking at the ones you marked to look at again. The index and table of contents of the Pub 17s are very helpful at this point. And don't forget to utilize those cheat-sheets we give you, and the back page of the OR-17. And charts and tables, plus any notes you took throughout the course.

Once you find the correct answer, select it, unclick the "mark" so you don't have to go back, and move on. You can take more time on each question, but there are still some important rules: Don't spend too much time on any question. If you're feeling frustrated by a question, leave it marked and move on.

Do the same for the mini-problems. The change in scenery may help you answer some questions you missed before.

Step 4: final pass:

Okay, we're on the final stretch. At this point, if you have more than an hour left, AWESOME! You've got time to stretch a little, maybe grab a quick bathroom break. Now. The ones that are still marked: Read those questions very slowly. See what you may have missed the first two times. See if you read something in answering other questions that may have helped. Can you eliminate some of the questions? See some of the general tips below.

If you have less than an hour, you'll have to run this last step a little more quickly. I'd do more guessing and less careful reading. Look for questions that you think you can find. You've read everything at least twice now, so you should have a sense of what you know you know, and what you know you don't know. Try to answer as many of the remaining marked questions as quickly as possible.

Step 4: final pass:

- Make sure you're prepared. Bring everything you're supposed to bring, and nothing you're not supposed to bring. Double- and triple-check the list of allowed documents. Make sure you leave plenty of time to get there. Get a good night's sleep before, have a good meal and stay hydrated. All of these things will help you perform better on the exam.
- Don't spend too much time on any one item. If you come up with an answer that isn't one of the options, don't dwell on it. Mark it and come back to it later.
- Read each question thoroughly. Don't dwell on the problem, but don't skim it, either. Many students have found that they missed a problem because they didn't read it carefully, and thought it was asking something else.
- If you can eliminate one or two of the options, guessing is not a bad strategy. There is no penalty for wrong answers (a wrong answer is no more wrong than a blank answer), so you have a better chance of getting it right if you guess something than if you leave it blank.
- We are not trying to trick you. Some of the questions are hard, but they are not "gotcha" questions. Every year we try to make the language as clear as possible, because we want you to perform well if you know the material.
- Trust your gut. The answer is often the first thing you think it is. So many students change their answer, and then find out they had it right the first time.

2023 Tax Preparer Exam Source Documents

All Questions on the Tax Preparer Exam are based on These Documents

Federal

- Publication 17 – Your Federal Income Tax for Individuals
- Publication 54 – Tax Guide for U.S. Citizens and Resident Aliens Abroad
- Publication 225 – Farmer’s Tax Guide
- Publication 334 – Tax Guide for Small Business
- Publication 463 – Travel, Gift and Car Expense
- Publication 501 – Dependents, Standard Deduction, and Filing Information
- Publication 502 – Medical and Dental Expenses
- Publication 503 – Child and Dependent Care Expenses
- Publication 504 – Divorced or Separated Individuals
- Publication 523 – Selling Your Home
- Publication 524 – Credit for the Elderly or the Disabled
- Publication 526 – Charitable Contributions
- Publication 531 – Reporting Tip Income
- Publication 547 – Casualties, Disasters and Thefts
- Publication 550 – Investment Income and Expense
- Publication 551 – Basis of Assets
- Publication 561 – Determining the Value of Donated Property
- Publication 575 – Pension and Annuity Income
- Publication 587 – Business Use of Your Home
- Publication 596 – Earned Income Credit (EIC)
- Publication 850 – English-Spanish Glossary of Tax Words and Phrases
- Publication 936 – Home Mortgage Interest Deduction
- Publication 946 – How to Depreciate Property
- Publication 970 – Tax Benefits for Education
- Publication 974 – Premium Tax Credit
- Federal Form 1040 Instructions (not forms booklets)
- Form 6251 Instructions
- Form 8615 Instructions
- Form 8867 Instructions
- Form 8995A Instructions

Oregon

- Publication OR-17 – Individual Income Tax Guide
- Oregon Income Tax Full-Year Resident Form OR-40 and Instructions
- Oregon Income Tax Part-Year Resident/Nonresident Form OR-40N and OR-40P
- OR-A Instructions
- OR-WFHDC Instructions
- Oregon Administrative Rules, Chapter 800: 800-010-0015 through 800-030-0050
- Oregon Revised Statutes, Chapter 673: 673.605 through 673.740

2023 Source Documents Allowed in the Tax Preparer Exam

Federal (These may contain notes and highlighting)

- Publication 17 – Your Federal Income Tax for Individuals
- Federal Form 1040 Instructions (not forms booklets)
- **2023** Quick Reference Sheets (from the Board’s website)

Federal (These must be completely blank with no markings or highlighting whatsoever)

- Form 1040 – U.S. Individual Income Tax Return
- Form 1040 Schedules 1, 2, and 3 (forms only)
- Form 1040 Schedules A, B, C, D, E, and SE (forms only)
- Form 4137 – Social Security and Medicare Tax on Unreported Tip Income (form only)
- Form 8829 – Expenses for Business Use of Your Home (form only)
- Publication 850 – English-Spanish Glossary of Tax Words and Phrases

Oregon (These may contain notes and highlighting)

- Publication OR-17
- Oregon Income Tax Full-Year Resident Form OR-40 (instructions only)
- Oregon Income Tax Part-Year Resident/Nonresident Form OR-40N and OR-40P (instructions only)
- Oregon Administrative Rules, Chapter 800: 800-010-0015 through 800-030-0050
- Oregon Revised Statutes, Chapter 673: 673.605 through 673.740

Oregon (These must be completely blank with no markings or highlighting whatsoever)

- Form OR-40
- Form OR-40N
- Form OR-40P

Tax Preparer Examination Outline

Federal

How to file -- 10%

Filing status

Dependents

Filing requirements

Income -- 11.5%

Earned income

Tips

Interest

Dividends

Business, farm

Schedule C Income

Retirement, pensions

Rentals Income

Depreciation

Social Security Income

Investment Other income

Assets -- 8.5%

Capital/ordinary

Basis

Sale of capital assets

Sale of Stock

Personal residence

Adjustments -- 5%

IRA, SEP, Keogh, simple

Alimony

Married Filing Separately

Student Loan Interest

Self-employed health-insurance

Self-employment tax

Penalty on early withdrawal

Itemized deductions -- 10%

Medical

Taxes

Interest

Contributions

Casualty

Credits -- 10%

Child care

Health care

Elderly, disabled

Earned income

Education

Child tax

Adoption

Other credits

Other Taxes -- 2.5%

Self-employment

Alternative minimum

Averaging/lump sum

Tax computation

IRAs and other retirement plans

Other

Payments -- 2.5%

Estimated

Excess FICA

Other

Federal and State Mini Problems -- 12%

Oregon

How to file – 4%

Filing status

Filing requirements, Non-resident status

Additions -- 4%

Interest

Taxes

Other

Subtractions -- 8%

Taxes

Interest

Military

Federal pensions

Social Security/railroad retirement

Oregon refunds

American Indian

Lottery winnings

Domestic partner benefits

Special medical

Deductions -- 2%

Standard

Itemized

Credits -- 3%

Retirement income

Political

Working family household and dependent care

Earned income

Exemptions

Residential energy

Other

Payments -- 1%

Estimates

Tax computation

Tax Payments on Real

Property Conveyances

Oregon License Law -- 6%

Tax Preparer Examination Sample Questions

1. Ryan is single. His only income is self-employment. Ryan's business had \$15,000 income and \$20,000 in expenses, creating a net loss of \$5,000. Ryan does not have to file a tax return.

- A. True
- B. False

2. Which one of the following children will not meet the age test for a qualifying "child".

- A. Sally, age 17
- B. Miles, a full-time student age 23
- C. Cory, age 34, who was in an accident that left him permanently disabled.
- D. Susie, age 22, a full-time student for 3 months of the year

3. Louise's employer forgives her loan of \$1,000. Louise will report this as income.

- A. True
- B. False

4. You babysit your sister's child while she takes classes at the local community college. She pays you \$1,300 and does not claim the child care credit. Because this is a relative, you do not have to declare it as income.

- A. True
- B. False

5. A taxpayer inherits 1,000 shares of stock from her grandmother. The grandmother purchased the stock for \$1,200. The fair market value of the stock was \$1,800 when the grandmother passed away. The taxpayer sold all the shares for \$6,800. What is the taxpayer's reportable gain?

- A. \$3,800
- B. \$5,000
- C. \$5,600
- D. \$5,800

6. Which of the following is not deductible on Schedule A?
- A. State income tax
 - B. Personal property tax
 - C. Property tax on a rental property
 - D. Property tax on a personal residence
7. Which is an allowable medical expense?
- A. Funeral expenses
 - B. Life insurance
 - C. Cosmetic surgery
 - D. Stop-smoking program
8. Joe took out a Home Equity Line of Credit for \$50,000. He spent the money on the following: New carpet (\$10,000); New car (\$20,000); New roof (\$20,000). He paid \$350 in interest. He can deduct the full \$350 of interest on Schedule A.
- A. True
 - B. False
9. Which of the following is not taxable on a federal return?
- A. Interest on tax refunds
 - B. Fair market value of gifts for opening a savings account
 - C. US Treasury bond interest
 - D. State municipal bond interest
10. You have one child who qualifies for the \$2,000 Child Tax Credit. Your tax on Form 1040, Line 16 is zero. You cannot claim the Child Tax Credit to reduce your tax, but you do qualify for a refundable credit of \$1,000 - 50% of the qualifying Child Tax Credit.
- A. True
 - B. False
11. Generally, estimated taxes do not need to be paid throughout the year if the amount due, after applying withholding and refundable credits, is less than \$1,000.
- A. True
 - B. False
12. A taxpayer is a full-year Oregon resident. She marries a full-year California resident on December 31 of the tax year. They will file a joint federal income tax return. They are required to file a joint Oregon tax return.
- A. True
 - B. False

13. A taxpayer earned the interest below. What is the taxpayer's Oregon addition?

\$500 US Treasury T-Bills
\$20 California Municipal Bond
\$75 City of Chicago, Illinois Bond
\$1,000 City of Portland, Oregon Bond

- A. \$95
- B. \$595
- C. \$1,095
- D. \$1,590

14. A taxpayer's federal adjusted gross income (AGI) is composed of the following. What is their Oregon subtraction?

\$50,000 Pension
\$15,000 Social Security
\$30,000 Capital Gains

- A. \$7,500
- B. \$15,000
- C. \$45,000
- D. \$50,000

15. Sam, 67, and Betty, 61, file a joint return. They have \$5,000 in medical bills. They may use it all to compute their Oregon special medical subtraction.

- A. True
- B. False

16. Joe and his spouse, Susan, are active duty members of the military and are domiciled in Oregon. Joe earned \$10,000 out of state and \$14,000 in Oregon. Susan earned \$3,000 in Oregon and \$20,000 out of state. What is their Oregon active duty military pay subtraction?

- A. \$9,000
- B. \$30,000
- C. \$39,000
- D. \$47,000

17. Winnings from the Oregon lottery totaling \$600 or less and included in your Federal return may be subtracted on your Oregon return.

- A. True
- B. False

18. An Enrolled Agent is authorized to prepare personal income tax returns for valuable consideration within the state of Oregon.

- A. True
- B. False

19. A tax professional licensed by the Oregon Board of Tax Practitioners is typically required to have _____ hours of annual continuing education.

- A. 16 hours
- B. 30 hours
- C. 32 hours
- D. 72 hours

20. Licensees may complete their continuing education hours for the prior enrollment period after renewing their license.

- A. True
- B. False

21. Pamela's husband left three years ago and she hasn't heard from him since. She and her 4-year-old twins moved in with her aunt, where she pays exactly half the cost of utilities and food and no rent. Her aunt owns the home. Her filing status is

- A. Single.
- B. Married Filing Separately
- C. Head of Household
- D. Qualifying Surviving Spouse

Mini Problem - Schedule A

George and Stella, both 62, file a joint return. Their adjusted gross income (AGI) totaled \$82,055 for the tax year. They paid the following expenses:

- \$2,857 Medical expenses
- \$430 for George's hospital expenses
- \$6,206 Medical insurance premiums
- \$19 Over-the-counter vitamins
- \$950 Prescribed stop-smoking program for Stella
- \$1,784 Gym memberships for George and Stella
- \$7,200 Mortgage interest paid to bank
- \$3,610 Real estate taxes on their residence
- \$500 Contributions to church
- \$7,385 Oregon withholding
- \$602 Credit card interest
- \$215 Federal excise tax

22. What is the amount on Schedule A, Line 4?

- A. \$4,289
- B. \$6,092
- C. \$6,154
- D. \$10,443

23. What is the amount of deductible taxes on Schedule A, Line 7?

- A. \$7,385
- B. \$10,000
- C. \$10,995
- D. \$11,210

Answer key

- | | |
|--------|--------|
| 1 = B | 12 = B |
| 2 = D | 13 = A |
| 3 = A | 14 = B |
| 4 = B | 15 = B |
| 5 = B | 16 = C |
| 6 = C | 17 = A |
| 7 = D | 18 = B |
| 8 = B | 19 = B |
| 9 = D | 20 = B |
| 10 = B | 21 = B |
| 11 = A | 22 = A |
| | 23 = B |

2023 Tax Consultant Exam Source Documents

Federal

- Pub. 3 – Armed Forces’ Tax Guide
- Pub. 17 – Your Federal Income Tax
- Pub. 225 – Farmer’s Tax Guide
- Pub. 334 – Tax Guide for Small Business
- Pub. 463 – Travel, Gift, and Car Expenses
- Pub. 501 - Dependents, Standard Deduction, and Filing Information
- Pub. 502 – Medical and Dental Expenses
- Pub. 503 – Child and Dependent Care Expenses
- Pub. 504 – Divorced or Separated Individuals
- Pub. 517 – Social Security and Other Information for Members of the Clergy & Religious Workers
- Pub. 523 – Selling Your Home
- Pub. 525 – Taxable and Nontaxable Income
- Pub. 526 – Charitable Contributions
- Pub. 527 – Residential Rental Property
- Pub. 531 – Reporting Tip Income
- Pub. 535 – Business Expenses
- Pub. 536 – Net Operating Losses (NOLs) for Individuals, Estates, and Trusts
- Pub. 537 – Installment Sales
- Pub. 544 – Sales and Other Dispositions of Assets
- Pub. 547 – Casualties, Disasters and Thefts
- Pub. 550 – Investment Income and Expenses
- Pub. 551 – Basis of Assets
- Pub. 561 – Determining the Value of Donated Property
- Pub. 575 – Pension and Annuity Income
- Pub. 587 – Business Use of Your Home
- Pub. 590A-Contributions to Individual Retirement Arrangements
- Pub. 590B-Distributions from Individual Retirement Arrangements
- Pub. 596 – Earned Income Credit
- Pub. 925 – Passive Activity and At-Risk Rules
- Pub. 936 – Home Mortgage Interest Deduction
- Pub. 946 – How to Depreciate Property
- Pub. 970 – Tax Benefits for Education
- Pub. 972 – Child Tax Credit
- Pub. 974 – Premium Tax Credit
- 1040 Booklet - Instructions
- Form 6251 - Instructions
- Form 8615 - Instructions
- Form 8839 - Instructions
- Form 8995A - Instructions

Oregon

- Pub. OR-17 – Individual Income Tax Guide
- **2023** Oregon Income Tax Form OR-40 Instructions Full-Year Resident
- **2023** Oregon Income Tax Form OR-40-N and Form OR-40-P Instructions Nonresident/Part-Year Resident
- OR-Estimate Instructions
- OAR Chapter 800

Tax Consultant Examination Subject Outline

Federal

How to file -- 4%

Filing status
Filing requirements
Dependents

Earned income -- 2.5%

Wages
Tips
Fringe benefits

Interest -- 2%

Taxable
Exempt
OID

Dividends -- 2%

Ordinary
Nontaxable
Capital gain

Business income, deductions -- 8%

Passive activities, rentals -- 7%

Farms -- 1.5%

Pensions & annuities -- 3%

Social Security -- 1%

Depreciation -- 4%

Sales of property -- 16%

Basis
Capital assets
Business property
Residence
Installment and repossessions
Depreciation recapture
Involuntary conversions
Nontaxable exchanges

Miscellaneous income -- 3%

Itemized deductions -- 5.5%

Medical
Taxes
Interest
Contributions
Casualty losses
Miscellaneous deductions

Credits -- 4%

Child care
Child tax
Earned income
Education
Other

Estimated payments -- 1%

Self-employment tax -- .5%

Alternative minimum tax -- .5%

Other taxes -- 3%

Lump sum distributions
Penalties

Tips

Household employment

Net operating losses and at-risk amounts -- 1%

Amended returns -- 1.5%

Adjustments -- 3%

IRA, SEP, KEOGH

Alimony

Other

Qualified Business Income Deductions -- 1%

Continued on next page...

Oregon

How to file -- 3%

Filing status
Requirements
Non-residents
Exemptions

Additions -- 3%

Municipal bonds
Other

Subtractions -- 4%

Taxes
Interest
Military pensions
Other pensions
Other subtractions

Deductions -- 2.5%

Standard deduction
Itemized deductions
Oregon medical

Credits -- 4%

Political
Exemption credits
Retirement
Working family
Other

Payments -- 1%

Estimated

Part year/non-resident -- 2%

Oregon License law -- 5.5%

Enrolled Agent State-Only Exam Outline

Oregon

How to file -- 12%

Filing status

Requirements

Non-residents

Exemptions

Additions -- 12%

Municipal bonds

Other

Subtractions -- 16%

Taxes

Interest

Military pensions

Other pensions

Other subtractions

Deductions -- 10%

Standard deduction

Itemized deductions

Oregon medical

Credits -- 16%

Political

Exemption credits

Retirement

Working family

Other

Payments -- 4%

Estimated

Part-year/non-resident -- 8%

Oregon License law -- 22%

Tax Consultant Examination Sample Questions

1. Which of the following fringe benefits is included in gross income?
 - A. Free use of company software
 - B. Free parking
 - C. \$25 Walmart gift card
 - D. Christmas goose

2. Jacob is a self-employed landscaper. One of his clients offered to exchange a painting for Jacob's services in March. The client paid \$300 for the painting, but the two agreed that the fair market value of the painting was now \$400. Jacob's other clients paid him a total of \$17,000 during the year. Jacob's income from self-employment is:
 - A. \$17,000
 - B. \$17,300
 - C. \$17,400
 - D. \$17,700

3. Catherine owns and operates a magazine store at the airport. This tax year she purchased \$12,000 in magazines for sale. \$150 of these magazines were pulled for personal use. \$75 in magazines were returned for various reasons. Her inventory at the beginning of the year was \$2,890. Her inventory at the end of the year was \$3,010. Her expense for cost of goods sold was:
 - A. \$11,380
 - B. \$11,655
 - C. \$11,730
 - D. \$11,805

4. Ed, a self-employed sole proprietor, has two separate businesses. One business is in accounting and the other is in auto repair. Each business may use a different accounting method.
 - A. True
 - B. False

5. Excess capital loss may only be carried over for a maximum of 10 years.
 - A. True
 - B. False

6. A taxpayer lost two cows that were born and raised on his farm. The cows were valued at \$500 each. The taxpayer may claim a \$1,000 deduction on Schedule F for the loss.
 - A. True
 - B. False

7. A taxpayer retired during the tax year and received a total distribution of \$10,200 from her pension plan. The distribution includes \$3,000 from post-tax contributions, \$7,000 from employer contributions, and \$200 of earnings. What is the taxable amount the taxpayer has to report on her return?

- A. \$200
- B. \$7,000
- C. \$7,200
- D. \$10,200

8. A qualified charitable distribution generally is a nontaxable distribution made directly by the trustee of your Individual Retirement Arrangement to an organization eligible to receive tax-deductible contributions.

- A. True
- B. False

9. Rob borrowed \$10,000 from his employer-sponsored 401(k) plan. He quit his job six months later. He is required to do the following:

- A. Pay back the borrowed funds within 90 days
- B. Continue to make payments on the loan until it is paid off
- C. Treat the loan balance as a distribution or pay it back within 60 days
- D. Do nothing

10. David and Sarah are a married couple who lived together all year. David's only income is his Social Security and a small pension. In addition to her Social Security, Sarah inherited an estate from her deceased mother. The couple chose to file separately this year. What percentage of David's Social Security will be subject to tax?

- A. 0%
- B. 50%
- C. 85%
- D. 100%

11. A taxpayer had a rental house for 15 years and then moved into it as his primary residence. The taxpayer lived in the house for five years. The home was converted back into a rental this tax year. What is the class life of the current rental?

- A. 7 ½
- B. 12 ½
- C. 27 ½
- D. 31

12. Taxpayers spent \$12,000 to upgrade the flooring in the dance studio they lease. The taxpayers may elect to use Section 179 on this asset.

- A. True
- B. False

13. Taxpayer bought a new executive desk for her Schedule C business. The desk was delivered on January 1 of the tax year, and it cost \$3,000. Assuming the taxpayer does not elect out of bonus depreciation and the desk has a seven-year class life, what is the taxpayer's depreciation for the tax year?

- A. \$429
- B. \$2,400
- C. \$2,486
- D. \$3,000

14. A taxpayer traded a shipping truck used exclusively for business for a \$2,500 trade-in-value on a new truck. The adjusted basis in the truck was \$1,000. The new business truck's contract price is \$26,000. What is the taxpayer's basis in the new truck?

- A. \$24,500
- B. \$25,000
- C. \$26,000
- D. \$28,000

15. A taxpayer has a rental property. What type of asset can the taxpayer use for a like-kind exchange?

- A. Rental equipment
- B. A business-use truck
- C. Equivalent value in mutual funds
- D. None of the above

16. A taxpayer sells his commercial rental at a loss. The taxpayer is providing financing for the sale. The taxpayer may report the sale as an installment sale.

- A. True
- B. False

17. A married couple sold their principal residence of 10 years for \$250,000. They bought the home for \$135,000. They have an office in the home that takes up 25 percent of the space. Depreciation for the office up to the date of sale is \$15,000. What are the tax consequences of the sale?

- A. \$0 of recognized gain per Section 121
- B. \$15,000 of unrecaptured Section 1250 gain taxed as ordinary income and \$0 recognized gain per Section 121
- C. \$15,000 of unrecaptured Section 1250 gain taxed as ordinary income and \$26,250 in long-term capital gains
- D. \$130,000 long-term capital gain

18. A single taxpayer bought her first home for \$200,000. She used it as her primary residence for 20 months and was then forced to sell it due to a change of employment. The home sold for \$240,000 with no expense of sale. What is the taxpayer's maximum allowable excludable gain under Section 121?

- A. \$0
- B. \$33,333
- C. \$40,000
- D. \$208,333

19. Mary makes quilts for a hobby and sells them to her neighbors and friends. Her sale price for one quilt is \$100. Her cost of goods sold was \$50. How much does Mary report on Schedule 1, Line 8Z, for the sale of the one quilt?

- A. \$0
- B. \$50
- C. \$100
- D. \$150

20. John borrowed \$100,000 from Bank USA to purchase a luxury car. In the middle of the five-year loan term John loses his job and defaults on the loan. Bank USA cancels the remaining \$30,000 loan balance, repossesses the car with a \$12,000 fair market value, and sends him a Form 1099-C for \$30,000. How much does John have to claim as taxable income from this event?

- A. \$0
- B. \$12,000
- C. \$18,000
- D. \$30,000

21. Sam, age 41, withdrew \$20,000 from his 401(k) to buy a car. He qualifies for an exception to the 10% early withdrawal penalty.

- A. True
- B. False

22. Mary, age 35, withdrew \$10,000 from her 401(k) to pay medical bills of \$25,000. She may qualify for an exception to the 10% early withdrawal penalty.

- A. True
- B. False

23. Social Security received is not used to calculate income for repayment of the Premium Tax Credit.

- A. True
- B. False

24. Which of the following are limitations on the qualified business income deduction?

- A. The type of trade or business
- B. The amount of W-2 wages
- C. A Taxpayer's taxable income
- D. All of the above

25. If you and your spouse file a federal joint return but each of you has a different residency status, you can choose to file two Oregon separate returns.

- A. True
- B. False

26. If you withdraw funds from an Oregon 529 College Savings Network account to pay tuition at a K-12 school, you must report the amount used as an addition on Schedule OR- ASC.

- A. True
- B. False

27. If you take the standard deduction on your federal return, you must take the standard deduction on your Oregon return.

- A. True
- B. False

28. Jane is claimed on her parents' return. She can take the Personal Exemption Credit.

- A. True
- B. False

Answer Key

- 1 = C
- 2 = C
- 3 = C
- 4 = A
- 5 = B
- 6 = B
- 7 = C
- 8 = A
- 9 = C
- 10 = C
- 11 = C
- 12 = A
- 13 = C
- 14 = C
- 15 = D
- 16 = B
- 17 = B
- 18 = D
- 19 = C
- 20 = C
- 21 = B
- 22 = A
- 23 = B
- 24 = D
- 25 = A
- 26 = A
- 27 = B
- 28 = B

Applying for Licensure

Applications for licensure may be found on the Board's website here:

<https://www.oregon.gov/obtp/Pages/Forms.aspx>

Before submitting your license application, you must obtain a Preparer Tax Identification Number (PTIN) from the IRS. You may apply for and obtain your PTIN online at the IRS's website here: <https://www.irs.gov/tax-professionals/ptin-requirements-for-tax-return-preparers>.

Initial Tax Preparer License Application: Please complete all sections legibly and submit a copy of your Basic Tax Course Completion Certificate. If you answer "yes" to any of the compliance questions, please call the Board at 971-701-1544 before submitting your application to discuss the issue with Board staff and obtain information on what backup documentation may be required. The fee for an initial Tax Preparer's license is \$85. All Tax Preparer licenses expire on September 30.

Initial Tax Consultant License Application: Please complete all sections legibly. If you answer "yes" to any of the compliance questions, please call the Board at 971-701-1544 before submitting your application to discuss the issue with Board staff and obtain information on what backup documentation may be required. The fee for an initial Tax Consultant's license is \$125. However, current Licensed Tax Preparers may obtain a Tax Consultant's license for \$95. All Tax Consultant licenses expire on May 31.

Business Registration / Combination License and Registration Application: If you would like to operate a tax preparation business, it must be registered first with the Oregon Secretary of State and then the Board of Tax Practitioners. You may register your business with the Secretary of State here: <https://secure.sos.state.or.us/cbrmanager/index#stay>. You will need the Secretary of State registration number for the Board's registration application. Also, your business must have a Licensed Tax Consultant on site to supervise tax preparation activities. Please contact Board staff at 503-378-4034 if you have any questions. There is a \$50 discount if you register a new business with the Board while applying for individual licensure. All business registrations expire on June 15 (except Tax Preparer-owned businesses, which expire on October 15).

If your business will have more than one location (e.g. branch offices), please submit a separate branch registration application for each additional office. Also, each location must be supervised by a Licensed Tax Consultant. The branch registration fee is \$30.