

43-Hour Federal Qualifying Education Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

- 1. Which statement regarding Bonus Depreciation is false?**
 - A. It helps large businesses with spending limits**
 - B. Net loss businesses can carry forward Bonus Depreciation**
 - C. Bonus Depreciation only applies to new equipment**
 - D. Section 179 is taken first, then Bonus Depreciation**
- 2. If Nelson receives a state tax credit for his contribution, how much can he claim as a charitable deduction?**
 - A. \$100**
 - B. \$300**
 - C. \$700**
 - D. \$1,000**
- 3. What occurs with moving expense deductions for taxpayers under the TCJA?**
 - A. They can be fully deducted if they move for a job**
 - B. They are completely eliminated for all taxpayers**
 - C. A partial deduction is allowed**
 - D. They remain deductible only for active military members**
- 4. Local benefit taxes can be deducted as rental expenses primarily for which reason?**
 - A. Charges for putting in streets**
 - B. Charges for putting in sidewalks**
 - C. Charges for putting in water or sewer systems**
 - D. Local benefit taxes for maintenance and repair**
- 5. If Mary did not file a tax return for 2022, how long does she have to file a return in order to claim her refund?**
 - A. Up to one year**
 - B. Up to two years**
 - C. Up to three years**
 - D. Up to four years**

- 6. Which statement is true regarding Jane's need to pay estimated taxes?**
- A. She does not need to pay estimated tax**
 - B. She will only pay taxes according to withholding**
 - C. She must pay estimated taxes regardless of her withholding**
 - D. She can ignore her AGI for estimating purposes**
- 7. For tax purposes, what must Karen have been aware of at the time of signing the joint return?**
- A. Bill's income level**
 - B. Nature of Bill's unreported income**
 - C. Both income and its tax implications**
 - D. Only the total income**
- 8. What impact does rental income above the expenses have on the tax liability for a property owner?**
- A. It increases taxable income**
 - B. It decreases taxable income**
 - C. It has no impact on tax liability**
 - D. It turns into a tax liability of deferred income**
- 9. What category of expenses can be deducted as an impairment-related work expense?**
- A. General medical expenses**
 - B. Expenses unrelated to employment**
 - C. Expenses necessary for a blind taxpayer to work**
 - D. Expenses associated with travel**
- 10. What age must taxpayers be to use Form 1040-SR as an alternative to Form 1040?**
- A. Age 55 or older**
 - B. Age 62 or older**
 - C. Age 65 or older**
 - D. Any age**

Answers

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1. C
2. B
3. D
4. D
5. C
6. A
7. C
8. A
9. C
10. C

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Explanations

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1. Which statement regarding Bonus Depreciation is false?

- A. It helps large businesses with spending limits**
- B. Net loss businesses can carry forward Bonus Depreciation**
- C. Bonus Depreciation only applies to new equipment**
- D. Section 179 is taken first, then Bonus Depreciation**

The assertion that Bonus Depreciation only applies to new equipment is false because Bonus Depreciation can actually be claimed on both new and used property as long as the property is considered qualified property under the tax code. This change significantly broadens the scope of what can be depreciated, allowing businesses to take advantage of the benefit even when they invest in previously owned equipment. This flexibility is particularly beneficial as it incentivizes businesses to invest in a wider array of assets, rather than limiting them solely to brand-new purchases. Understanding this aspect of Bonus Depreciation is crucial for businesses looking to maximize their tax benefits when acquiring assets.

2. If Nelson receives a state tax credit for his contribution, how much can he claim as a charitable deduction?

- A. \$100**
- B. \$300**
- C. \$700**
- D. \$1,000**

When evaluating the impact of a state tax credit on the amount Nelson can claim as a charitable deduction, it's important to recognize how tax credits interact with charitable contributions. When a taxpayer receives a state tax credit for their charitable donation, the amount that can be claimed as a charitable deduction on their federal tax return is reduced by the amount of the tax credit received. This is because the state tax credit effectively decreases the cost of making the donation, thereby reducing the tax benefit one can claim for the same donation. In this scenario, if Nelson receives a generous \$300 state tax credit for his contribution, it indicates that the credit reduces the effective value of his donation when determining the deductible amount. This means he can only claim the amount of his contribution that exceeds that state tax benefit while filing his federal taxes. Thus, given the state tax credit of \$300, the correct amount Nelson can claim as a charitable deduction is indeed \$300. This reflects the operation of deductions and tax credits in accounting for the financial benefits of charitable contributions on a federal tax level.

3. What occurs with moving expense deductions for taxpayers under the TCJA?

- A. They can be fully deducted if they move for a job**
- B. They are completely eliminated for all taxpayers**
- C. A partial deduction is allowed**
- D. They remain deductible only for active military members**

Under the Tax Cuts and Jobs Act (TCJA), moving expense deductions were significantly modified. As of the changes implemented by the TCJA, moving expense deductions are primarily available only to active duty members of the Armed Forces who move due to a military order. This reflects a shift away from prior tax law, where a broader range of taxpayers could deduct moving expenses when relocating for work. Therefore, for the general population of taxpayers, the moving expense deduction has been eliminated, while active military personnel retain the ability to deduct these costs if their move is directly related to their military service. This targeted approach recognizes the unique circumstances faced by military members, while most other workers no longer have this tax advantage.

4. Local benefit taxes can be deducted as rental expenses primarily for which reason?

- A. Charges for putting in streets**
- B. Charges for putting in sidewalks**
- C. Charges for putting in water or sewer systems**
- D. Local benefit taxes for maintenance and repair**

Local benefit taxes can be deducted as rental expenses primarily because these taxes support ongoing maintenance and repair of infrastructure that benefits rental properties. When property owners incur such taxes, they are considered necessary costs for maintaining the functionality and appeal of the property. The expenses related to local benefit taxes specifically aimed at maintenance and repair directly support the condition of the rental property, helping to ensure it remains desirable and functional for tenants. Other charges, such as those for the installation of streets, sidewalks, or water and sewer systems, typically represent capital improvements rather than ongoing expenses. These types of improvements may contribute to the value of the property but are not necessary for its day-to-day operation as rental units. Therefore, they are generally not eligible for the same type of deduction as the costs associated with regular maintenance and repair. This distinction is essential in understanding why local benefit taxes associated with maintenance and repair specifically can provide tax relief for rental property owners.

5. If Mary did not file a tax return for 2022, how long does she have to file a return in order to claim her refund?
- A. Up to one year
 - B. Up to two years
 - C. Up to three years**
 - D. Up to four years

In the context of U.S. tax law, if a taxpayer has not filed a return and is eligible for a refund, they have three years from the due date of the return to file and claim that refund. This three-year timeframe allows taxpayers like Mary to submit their returns and still reclaim any overpaid taxes for that year. If the return is filed after this three-year window, the refund will typically be forfeited, as the IRS typically does not issue refunds for tax returns filed beyond this period. This rule encourages timely filing while still providing a reasonable window for taxpayers to claim refunds they are entitled to.

6. Which statement is true regarding Jane's need to pay estimated taxes?
- A. She does not need to pay estimated tax**
 - B. She will only pay taxes according to withholding
 - C. She must pay estimated taxes regardless of her withholding
 - D. She can ignore her AGI for estimating purposes

The correct response indicates that Jane does not need to pay estimated taxes. This situation can occur if Jane's tax situation meets certain criteria established by the IRS. Primarily, individuals are required to make estimated tax payments if they expect to owe tax of \$1,000 or more when their return is filed and if their withholding does not cover at least 90% of the tax liability for the current year or 100% of the tax shown on the prior year's return, provided that the prior year was a full 12-month period. If Jane's tax withholding is sufficient to cover her tax liability for the year, or if her income is below a certain threshold, she might not be required to make these estimated payments. This aligns with the typical scenario where taxpayers rely solely on withholding through their employers to meet their tax obligations. In contrast, the other choices might not reflect the requirements that apply to Jane's specific tax situation. For instance, the idea that she will only pay taxes according to withholding only applies if her withholding accurately represents her tax liability. The statement suggesting she must pay estimated taxes regardless of her withholding does not take into account situations where withholding is sufficient. Lastly, ignoring her AGI could lead to misestimating her tax liability,

7. For tax purposes, what must Karen have been aware of at the time of signing the joint return?

- A. Bill's income level**
- B. Nature of Bill's unreported income**
- C. Both income and its tax implications**
- D. Only the total income**

For tax purposes, when signing a joint return, both spouses must be aware not only of each other's income but also of the implications that this income has regarding taxes. Therefore, the correct answer emphasizes the importance of having a complete understanding of both the income reported and how that income affects their overall tax situation. Being aware of Bill's income level alone is insufficient, as Karen also needs to understand how that income specifically contributes to their total taxable income and what the tax implications are. The nature of Bill's unreported income is crucial because it can impact their tax liabilities or may lead to penalties if that income is not accurately reported. In summary, knowing both the amount of income and the tax implications is essential for filing a joint return responsibly, as it helps ensure compliance with tax laws and allows for an informed decision regarding their joint tax liabilities.

8. What impact does rental income above the expenses have on the tax liability for a property owner?

- A. It increases taxable income**
- B. It decreases taxable income**
- C. It has no impact on tax liability**
- D. It turns into a tax liability of deferred income**

When a property owner generates rental income that exceeds their expenses, the result is positive cash flow, which means that the income is subject to taxation. This surplus income increases the owner's overall taxable income for the year. The Internal Revenue Service (IRS) considers rental income as part of an individual's or entity's gross income, and any profits derived from rental properties must be reported on tax returns. While property owners can deduct operational expenses related to rental properties—such as maintenance, repairs, property taxes, and mortgage interest—any rental income remaining after these deductions contributes to taxable income. Therefore, as the positive cash flow from rental properties adds to an owner's income, it inevitably increases their tax liability, making the role of rental income in tax calculation critical for property owners to understand.

9. What category of expenses can be deducted as an impairment-related work expense?

- A. General medical expenses**
- B. Expenses unrelated to employment**
- C. Expenses necessary for a blind taxpayer to work**
- D. Expenses associated with travel**

Impairment-related work expenses are specific costs incurred by individuals with disabilities to enable them to work. The correct response highlights that expenses necessary for a blind taxpayer to work are considered impairment-related work expenses. This includes costs such as modifications to workspaces, specialized equipment, and services that facilitate their ability to perform their job. These expenses directly support the taxpayer's ability to earn income despite their impairment, aligning with the purpose of impairment-related work expenses as defined by tax regulations. In contrast, general medical expenses, expenses unrelated to employment, and expenses associated with travel do not specifically address the unique costs incurred by someone because of their disability in the context of employment. Therefore, they do not qualify under the same guidelines that apply to impairment-related work expenses.

10. What age must taxpayers be to use Form 1040-SR as an alternative to Form 1040?

- A. Age 55 or older**
- B. Age 62 or older**
- C. Age 65 or older**
- D. Any age**

Form 1040-SR is specifically designed for use by senior taxpayers who are 65 years of age or older. This form provides a simpler format, including larger print and a standard deduction that may be more advantageous for older taxpayers. It allows individuals in this age group to report their income and calculate their taxes in a way that is accessible and straightforward, reflecting the needs of many seniors. Taxpayers under the age of 65 are not eligible to use Form 1040-SR, and they must instead file the standard Form 1040. This distinction is important for ensuring that older individuals have tools that cater to their specific needs, particularly as they navigate retirement income and other financial considerations. Thus, the requirement of being 65 or older to use Form 1040-SR highlights the intention behind its design to serve senior taxpayers effectively.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://43hrfederalqualified.examzify.com>

We wish you the very best on your exam journey. You've got this!