

# AFIP Basic Certification Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>6</b>
<b>Answers</b> .....	<b>9</b>
<b>Explanations</b> .....	<b>11</b>
<b>Next Steps</b> .....	<b>17</b>

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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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## 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.**

## 7. Use Other Tools

**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!**

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## **Questions**

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- 1. In contract law, what is typically required from each party?**
  - A. Agreement on all terms**
  - B. Something of value in exchange**
  - C. A signed document only**
  - D. Witnesses for validity**
- 2. Who is required to register for VAT in Argentina?**
  - A. Any individual taxpayer**
  - B. Only large corporations**
  - C. Any business whose sales exceed a specified threshold**
  - D. Non-profit organizations**
- 3. What is the purpose of the TILA box statement regarding Contract Provisions?**
  - A. To alert customers to important information**
  - B. To provide legal disclaimers**
  - C. To enforce payment deadlines**
  - D. To limit liability**
- 4. What is a withholding tax?**
  - A. A tax on imported goods**
  - B. A tax deducted at source from payments**
  - C. A tax on property sales**
  - D. A tax that is imposed later on income**
- 5. What is the correct procedure for recording negative equity in an installment sale agreement?**
  - A. Record negative equity as zero**
  - B. Exclude negative equity from the agreement**
  - C. Deduct cash down amount from negative equity**
  - D. Only record the negative equity**

**6. What can an entity expect from appointing a "representante legal" to deal with AFIP?**

- A. A representative to handle labor disputes**
- B. A legal spokesperson for tax-related issues**
- C. An advisor for marketing strategies**
- D. A mediator for interpersonal conflicts**

**7. In cases where a subprime financing source is used, what happens to an acquisition fee charged?**

- A. It can be added to the customer's invoice.**
- B. It must be passed on to the customer.**
- C. It cannot be passed on to the customer and must be deducted from the gross profit margin.**
- D. It is a fee that is negotiable.**

**8. Which document must be provided to a consumer if their loan application is denied?**

- A. A. Approval Notice**
- B. B. Adverse Action Notice**
- C. C. Risk Based Pricing Notice**
- D. D. Credit Score Disclosure Notice**

**9. According to the Used Car Rule, what classification covers a "used vehicle"?**

- A. It includes all vehicles that have been driven before**
- B. It encompasses all vehicles sold at auction**
- C. It only pertains to vehicles older than a specific year**
- D. All of the above**

**10. Which term does NOT qualify as a triggering term under TILA regulations?**

- A. Amount or percentage of any down payment**
- B. Number of payments**
- C. Dollar amount of any finance charge**
- D. Name of the financing source**

## **Answers**

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

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## **Explanations**

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## 1. In contract law, what is typically required from each party?

- A. Agreement on all terms**
- B. Something of value in exchange**
- C. A signed document only**
- D. Witnesses for validity**

In contract law, for a contract to be valid and enforceable, it typically requires something of value to be exchanged between the parties, known as consideration. This can take many forms, including money, services, goods, or any tangible or intangible benefit. The essence of consideration is that it demonstrates a mutual exchange; each party must provide something that the other party values. The requirement of consideration ensures that both parties have a stake in the contract, which promotes fairness and encourages compliance with the agreed terms. Without this exchange of value, a contract may not have legal standing, as it could be considered a gift rather than a binding agreement. While an agreement on all terms is important for mutual assent, it alone does not constitute a contract without the presence of consideration. Similarly, a signed document or witnesses can enhance the enforceability of a contract or provide evidence of its existence, but they are not strictly required for all contracts, especially verbal agreements where consideration can still be present. The presence of consideration remains the fundamental requirement in establishing a contract's validity, highlighting why this answer is recognized as correct.

## 2. Who is required to register for VAT in Argentina?

- A. Any individual taxpayer**
- B. Only large corporations**
- C. Any business whose sales exceed a specified threshold**
- D. Non-profit organizations**

In Argentina, the requirement to register for VAT (Value Added Tax) is based on the sales volume of a business rather than the type of entity or the size of the organization. Specifically, any business whose sales exceed a specified threshold must register for VAT. This threshold is established by the tax authorities and can vary depending on the type of goods or services provided. For businesses that do not reach this sales threshold, registration for VAT is not mandatory, allowing smaller enterprises a degree of flexibility in their operations and tax obligations. This approach ensures that only businesses actively contributing to the economy through significant sales are subject to VAT, streamlining the tax system and making compliance easier for smaller entities. In contrast, other options like individual taxpayers, large corporations, or non-profit organizations may not necessarily reflect the regulations governing VAT registration in Argentina. For instance, individual taxpayers generally are not subject to VAT registration unless they are operating a business that meets the sales threshold, while non-profit organizations may also be exempt under certain conditions regardless of their total income. Thus, focusing on the sales threshold for VAT registration aligns with the practical and regulatory framework provided by the Argentinian tax authorities.

### 3. What is the purpose of the TILA box statement regarding Contract Provisions?

- A. To alert customers to important information**
- B. To provide legal disclaimers**
- C. To enforce payment deadlines**
- D. To limit liability**

The purpose of the TILA box statement, specifically regarding Contract Provisions, is to alert customers to important information regarding the terms and conditions of their financial agreements. This statement is designed to ensure that borrowers understand key aspects of their contracts, such as interest rates, fees, and the total cost of credit. By presenting this information in a standardized format, the TILA box enhances transparency and helps consumers make informed decisions. It plays a vital role in promoting responsible lending practices and consumer awareness, ensuring that individuals are fully aware of their obligations and rights under the contract. This clarification is crucial because it helps mitigate misunderstandings and potential disputes between lenders and borrowers. While there may be elements within the contract that involve legal disclaimers, payment deadlines, or liability limitations, the primary focus of the TILA box statement is to convey critical details that empower customers in their financial dealings.

### 4. What is a withholding tax?

- A. A tax on imported goods**
- B. A tax deducted at source from payments**
- C. A tax on property sales**
- D. A tax that is imposed later on income**

A withholding tax is a type of tax that is deducted at the source from payments made to an individual or entity. This means that the payer is responsible for subtracting the tax amount from the payment—such as wages, dividends, or interest—before the recipient actually receives the amount. This system is commonly used to ensure that taxes are collected efficiently and in a timely manner, as it allows for immediate collection rather than relying on the taxpayer to pay the full amount at a later date. By implementing withholding taxes, governments can reduce the risk of tax evasion, as the tax is collected before the recipient has the opportunity to use the funds. It also simplifies the tax payment process for individuals and businesses by distributing the tax obligation throughout the year. This method is particularly seen in the context of employment, where employers withhold taxes from employees' paychecks. The other options refer to different types of taxes that do not align with the concept of a withholding tax. Taxes on imported goods, property sales, and taxes that are imposed later on income all involve different mechanisms and purposes separate from the immediate deduction of taxes during the payment process.

**5. What is the correct procedure for recording negative equity in an installment sale agreement?**

- A. Record negative equity as zero**
- B. Exclude negative equity from the agreement**
- C. Deduct cash down amount from negative equity**
- D. Only record the negative equity**

In the context of an installment sale agreement, it is essential to account for negative equity correctly as it reflects the financial situation of the buyer. Negative equity occurs when the amount owed on the current financing exceeds the value of the asset being financed. Choosing to deduct the cash down amount from negative equity is the appropriate procedure. This is because when entering into an installment sale agreement, any down payment made by the buyer can offset the overall negative equity position. By applying the cash down payment to the outstanding negative equity balance, it reduces the amount that the buyer still owes, thereby offering a clearer picture of their financial obligation moving forward. This approach allows for a more accurate representation of the buyer's equity position in the asset and facilitates better financial planning. It ensures that both the seller and buyer account for the monetary contributions made towards reducing the negative equity effectively.

**6. What can an entity expect from appointing a "representante legal" to deal with AFIP?**

- A. A representative to handle labor disputes**
- B. A legal spokesperson for tax-related issues**
- C. An advisor for marketing strategies**
- D. A mediator for interpersonal conflicts**

Appointing a "representante legal" provides the entity with a legal spokesperson specifically for tax-related issues. This representative acts on behalf of the entity in dealings with the Federal Administration of Public Revenue (AFIP) and is crucial for ensuring compliance with tax regulations. They facilitate communication between the entity and the tax authority, enable the submission of necessary documentation, and represent the entity in any tax proceedings or inquiries. This role is essential for navigating the often complex landscape of tax laws and regulations, making sure that the entity remains compliant and aware of their obligations. The representative can also provide guidance regarding tax benefits, liabilities, and deadlines, ensuring that the entity can effectively manage its tax responsibilities. Hence, the role directly ties into the entity's interactions with AFIP, highlighting the importance of having a knowledgeable legal spokesperson for these matters.

**7. In cases where a subprime financing source is used, what happens to an acquisition fee charged?**

- A. It can be added to the customer's invoice.**
- B. It must be passed on to the customer.**
- C. It cannot be passed on to the customer and must be deducted from the gross profit margin.**
- D. It is a fee that is negotiable.**

When a subprime financing source is utilized, the acquisition fee charged typically cannot be passed on to the customer and is instead deducted from the gross profit margin. This is primarily due to regulatory and ethical considerations surrounding subprime lending, which is often associated with higher interest rates and additional fees. The intent is to protect consumers from unfair practices associated with high-risk financing, ensuring that they are not burdened with excessive costs upfront. In this context, the dealer or lender often absorbs these additional costs, reflecting a fairer approach in transactions involving subprime financing. This can also help maintain customer satisfaction and loyalty, as high fees could discourage purchases or lead to negative perceptions of the financing options available to them. Other possibilities, such as adding the fee to the customer's invoice or passing it directly to them, would not align with best practices in the financing industry and could lead to further complications or dissatisfaction. The nature of such fees typically aims toward transparency and fairness in lending practices, particularly in sensitive financial situations. Thus, it is crucial for businesses to understand these implications when dealing with subprime financing.

**8. Which document must be provided to a consumer if their loan application is denied?**

- A. A. Approval Notice**
- B. B. Adverse Action Notice**
- C. C. Risk Based Pricing Notice**
- D. D. Credit Score Disclosure Notice**

When a loan application is denied, the lender is required to provide an Adverse Action Notice to the consumer. This document serves as a formal communication that explains the reasons for the denial. The notice typically includes information about the credit reporting agency that provided the credit report, along with instructions for the consumer on how to obtain a free copy of their credit report, which can help them understand the factors that contributed to the denial. The Adverse Action Notice plays an important role in promoting transparency and fairness in the lending process, as it ensures that consumers are informed about their credit status and the specific basis for the credit decision. This requirement aligns with the regulations set forth in the Equal Credit Opportunity Act (ECOA) and the Fair Credit Reporting Act (FCRA), which mandate that applicants receive clear information when adverse actions are taken based on their credit profiles.

**9. According to the Used Car Rule, what classification covers a "used vehicle"?**

- A. It includes all vehicles that have been driven before**
- B. It encompasses all vehicles sold at auction**
- C. It only pertains to vehicles older than a specific year**
- D. All of the above**

A used vehicle, as defined under the Used Car Rule, refers to any vehicle that has had prior use, which aligns with the first option indicating that it includes all vehicles that have been driven before. This classification is broad enough to encompass various types of vehicles, regardless of their age or the context in which they are sold. Additionally, the fact that the rule also covers vehicles sold at auctions highlights the inclusion of different sales formats and venues beyond standard dealership sales. This is relevant to the used vehicle classification as well, as it demonstrates the rule's applicability across multiple sales channels. While age specifications might come into play in certain contexts, the Used Car Rule itself does not limit the definition of a used vehicle to those older than a specific year, which is why the specific year factor is not the sole deciding element. Thus, the comprehensive nature of the classification, which embraces all vehicles that have been driven, those sold at auction, and does not restrict vehicles by their age, justifies why the correct response encompasses all of these components under the classification of "used vehicles."

**10. Which term does NOT qualify as a triggering term under TILA regulations?**

- A. Amount or percentage of any down payment**
- B. Number of payments**
- C. Dollar amount of any finance charge**
- D. Name of the financing source**

The term that does not qualify as a triggering term under TILA (Truth in Lending Act) regulations is the name of the financing source. Triggering terms are specific pieces of information that, when included in advertisements, require additional disclosures to consumers to ensure they are fully informed about the costs and terms associated with a loan or financing option. The amount or percentage of any down payment, the number of payments, and the dollar amount of any finance charge are all considered triggering terms because they directly impact the financial obligations of the borrower. Including such terms typically means that the lender must provide clear and detailed disclosures regarding the total cost of financing, including interest rates, annual percentage rates (APRs), and other pertinent information. In contrast, the name of the financing source does not inherently impact the consumer's understanding of the terms and conditions associated with the loan. While it identifies who is providing the credit, it does not by itself provide information about the loan's costs or requirements. Therefore, it does not require the same level of detailed disclosures as the other terms do, making it the correct answer in this context.

# 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](mailto:hello@examzify.com).**

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

**<https://afipbasic.examzify.com>**

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

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