

INTUIT ACADEMY TAX PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	15

SAMPLE

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

SAMPLE

- 1. What purpose does Form 8889 serve?**
 - A. To claim the Child Tax Credit
 - B. To report Health Savings Account contributions and distributions
 - C. To declare bankruptcy
 - D. To apply for a home mortgage
- 2. What is the purpose of an IRS installment agreement?**
 - A. To apply for tax credits
 - B. To lower interest rates on taxes owed
 - C. To allow taxpayers to pay tax debt over time
 - D. To increase tax deductions
- 3. Is tax-exempt interest income reportable on Form 1040?**
 - A. Yes, it is reportable and taxable
 - B. No, it is not reportable
 - C. Yes, but only under specific circumstances
 - D. No, unless specified otherwise
- 4. What is the alternative minimum tax (AMT) designed to achieve?**
 - A. A calculation to ensure individuals pay a minimum amount of tax
 - B. A tax benefit for low-income earners
 - C. A reduction in tax rates for individuals with numerous deductions
 - D. A form of income redistribution among taxpayers
- 5. What information does a W-2 form provide?**
 - A. It shows the total tax owed for the year
 - B. It details an employee's annual wages and taxes withheld
 - C. It summarizes all tax credits claimed
 - D. It is used to apply for tax refunds
- 6. In tax terms, what is the benefit of a Flexible Spending Account (FSA)?**
 - A. Contributes to retirement savings
 - B. Offers non-refundable credits
 - C. Allows pre-tax dollars for medical expenses
 - D. Provides a tax refund option

7. As a dependent, does Taxpayer A need to file Schedule C for their self-employed income?

- A. Yes, for business income
- B. No, as a dependent
- C. Yes, if gross income exceeds \$1,000
- D. No, if under 18 years old

8. What types of income are considered taxable?

- A. Only wages and salaries.
- B. Interest, dividends, and rental income.
- C. Inheritance and gifts.
- D. Investment income and tax-exempt interest.

9. What gambling losses can a taxpayer deduct from their gambling winnings?

- A. They can deduct all losses above the winnings
- B. They can only deduct losses up to their winnings
- C. There is no deduction for gambling losses
- D. They can deduct losses and expenses related to gambling

10. What is the federal gift tax exclusion for 2022?

- A. \$14,000 per recipient
- B. \$16,000 per recipient
- C. \$18,000 per recipient
- D. \$20,000 per recipient

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What purpose does Form 8889 serve?

- A. To claim the Child Tax Credit
- B. To report Health Savings Account contributions and distributions**
- C. To declare bankruptcy
- D. To apply for a home mortgage

Form 8889 is specifically designed for reporting Health Savings Account (HSA) contributions and distributions. This form allows individuals with HSAs to document their contributions made to the account throughout the tax year and any distributions taken from the account for qualified medical expenses. By filling out Form 8889, taxpayers can determine if they owe any taxes or penalties related to their HSA transactions, and it also plays a critical role in reporting these amounts on their tax returns accurately. The purpose of Form 8889 is directly tied to the management of health savings accounts, providing a clear pathway for individuals to account for their contributions and distributions, which may qualify for tax deductions or tax-free withdrawals when used for eligible healthcare expenses. Understanding how to use this form is crucial for taxpayers who wish to take advantage of the tax benefits associated with HSAs.

2. What is the purpose of an IRS installment agreement?

- A. To apply for tax credits
- B. To lower interest rates on taxes owed
- C. To allow taxpayers to pay tax debt over time**
- D. To increase tax deductions

The purpose of an IRS installment agreement is to allow taxpayers to pay tax debt over time. This arrangement is beneficial for individuals who are unable to pay their entire tax liability in a single payment due to financial constraints. By entering into an installment agreement, taxpayers can set up a manageable payment plan with the IRS that breaks down their total owed amount into smaller, more affordable monthly payments. This helps taxpayers avoid further penalties and the potential for more severe collection actions by the IRS, such as wage garnishments or property liens. This option addresses a fundamental aspect of tax management by providing relief to those struggling to meet their tax obligations all at once. Taxpayers who utilize this option can effectively manage their finances while ensuring compliance with their tax responsibilities.

3. Is tax-exempt interest income reportable on Form 1040?

- A. Yes, it is reportable and taxable
- B. No, it is not reportable
- C. Yes, but only under specific circumstances**
- D. No, unless specified otherwise

Tax-exempt interest income is generally not reportable on Form 1040. This type of income, such as interest from municipal bonds, is specifically designated as tax-exempt under the Internal Revenue Code. While taxpayers need to report their total income on their tax return, tax-exempt interest is an exception. It is neither included in gross income nor taxable, meaning it is not subjected to income tax. However, tax-exempt interest must still be reported in certain contexts, such as when calculating modified adjusted gross income for some tax credits or benefits. Despite this, it does not appear as taxable income on the tax return itself. It's essential for taxpayers to maintain awareness of tax-exempt interests and document them for informational purposes, even though they do not impact tax liability directly. Thus, the characterization of tax-exempt interest income being not reportable aligns with established tax regulations.

4. What is the alternative minimum tax (AMT) designed to achieve?

- A. A calculation to ensure individuals pay a minimum amount of tax**
- B. A tax benefit for low-income earners
- C. A reduction in tax rates for individuals with numerous deductions
- D. A form of income redistribution among taxpayers

The alternative minimum tax (AMT) is designed to ensure that individuals, particularly those with substantial income or significant deductions, pay a minimum amount of tax despite the benefits of tax deductions, credits, and exemptions. The AMT operates by recalculating taxable income with certain adjustments, effectively disallowing some deductions and credits that are typically available under the regular tax system. This mechanism is intended to prevent high-income earners from using various tax benefits to reduce their tax liability to an unreasonably low level, thus making sure they contribute a fair share to federal revenues. The other options do not accurately represent the primary goal of the AMT. While it does indirectly affect various income groups, it is not specifically a tax benefit for low-income earners or designed for income redistribution. Additionally, the AMT does not reduce tax rates; rather, it imposes a minimum tax obligation regardless of deductions, ensuring that all taxpayers, particularly those with higher income and significant tax benefits, pay a baseline level of tax.

5. What information does a W-2 form provide?

- A. It shows the total tax owed for the year
- B. It details an employee's annual wages and taxes withheld**
- C. It summarizes all tax credits claimed
- D. It is used to apply for tax refunds

The W-2 form is crucial for both employees and the IRS as it provides a detailed account of an employee's annual earnings and the taxes that have been withheld from their pay throughout the year. Specifically, it outlines the total wages earned, social security earnings, Medicare contributions, and federal, state, and local tax withholdings. This summary plays an integral role in the tax filing process, allowing employees to accurately report their income and the taxes already paid when they file their annual tax returns. This specific focus on an employee's financial details contrasts with other options. For instance, while the total tax owed for the year or tax credits claimed are important aspects of an individual's tax situation, these are typically reported in other documents such as the 1040 form or other tax schedules rather than on the W-2 itself. Similarly, applying for tax refunds doesn't involve the W-2 directly; the W-2 serves more as a record of income and withholding rather than a tool for initiating a refund application.

6. In tax terms, what is the benefit of a Flexible Spending Account (FSA)?

- A. Contributes to retirement savings
- B. Offers non-refundable credits
- C. Allows pre-tax dollars for medical expenses**
- D. Provides a tax refund option

The benefit of a Flexible Spending Account (FSA) lies in its ability to allow individuals to set aside pre-tax dollars for qualified medical expenses. This means that the money contributed to an FSA is deducted from an employee's gross income before taxes are calculated, which effectively lowers their taxable income. As a result, individuals can use these funds for out-of-pocket medical expenses, such as deductibles, copayments, and certain prescriptions, without having to pay income tax on the money used. This feature makes FSAs a valuable tool for managing healthcare costs while maximizing tax savings. In contrast, the other choices refer to concepts that do not apply to FSAs. Though retirement savings are important, FSAs are specifically tied to medical expenses, not retirement. Non-refundable credits relate to tax credits that cannot reduce tax liability below zero, which is outside the scope of what FSAs offer. Lastly, although tax refunds can occur in various situations, FSAs do not directly provide a tax refund option, as they are primarily an arrangement for paying qualifying medical expenses.

7. As a dependent, does Taxpayer A need to file Schedule C for their self-employed income?

- A. Yes, for business income**
- B. No, as a dependent
- C. Yes, if gross income exceeds \$1,000
- D. No, if under 18 years old

For a dependent taxpayer who earns self-employed income, filing Schedule C is necessary to report any business income. This requirement stems from the fact that self-employed individuals must report their earnings regardless of their filing status or dependency status. Schedule C is specifically designated for individuals who are self-employed, allowing them to detail their income and any deductions related to their business operations. In this context, while being a dependent may influence the overall tax situation, it does not exempt the taxpayer from reporting self-employment income. Therefore, if Taxpayer A has self-employment income, they must file Schedule C to accurately report that income to the IRS. This ensures compliance with tax regulations and helps determine the net profit or loss from the self-employment activity, which is essential for calculating the overall tax liability.

8. What types of income are considered taxable?

- A. Only wages and salaries.
- B. Interest, dividends, and rental income.**
- C. Inheritance and gifts.
- D. Investment income and tax-exempt interest.

Taxable income encompasses a wide array of earnings, and option B identifies several key categories that fall under this classification: interest, dividends, and rental income. Interest income, such as that earned from savings accounts or bonds, is subject to taxation because it is an earnings mechanism recognized by the IRS. Dividends, which are payments made by corporations to shareholders from their profits, are also taxable when received. Additionally, rental income generated from leasing property is usually taxable, as it reflects profit derived from real estate investments. Other forms of income, such as wages and salaries, while indeed taxable, are not comprehensive enough to represent the variety of taxable income types. In contrast, inheritances and gifts typically are not subject to income tax, even though they may have implications for estate or gift taxes. Investment income can also include tax-exempt interest in certain cases, which further clarifies that not all investment returns are taxable. Thus, the correct understanding is that interest, dividends, and rental income constitute types of taxable income, highlighting their relevance in the context of taxation.

9. What gambling losses can a taxpayer deduct from their gambling winnings?

- A. They can deduct all losses above the winnings
- B. They can only deduct losses up to their winnings**
- C. There is no deduction for gambling losses
- D. They can deduct losses and expenses related to gambling

A taxpayer can only deduct losses up to the amount of their gambling winnings because the IRS allows gamblers to deduct losses as an itemized deduction on their tax return, but only to the extent of their gambling winnings. This means that if a taxpayer has \$5,000 in gambling winnings, they can only deduct gambling losses that amount to \$5,000 or less. This principle is in place to ensure that taxpayers do not benefit from gambling losses exceeding their winnings, which would lead to potential tax avoidance. It's important for taxpayers to keep accurate records of their winnings and losses to substantiate their claims on their tax returns. Other options either misstate the allowable deductions or suggest that no deduction exists, which does not align with IRS regulations.

10. What is the federal gift tax exclusion for 2022?

- A. \$14,000 per recipient
- B. \$16,000 per recipient**
- C. \$18,000 per recipient
- D. \$20,000 per recipient

The federal gift tax exclusion for 2022 is indeed \$16,000 per recipient. This amount represents the maximum value of gifts that an individual can give to any one person within a calendar year without incurring a gift tax or requiring the filing of a gift tax return. The exclusion amount is adjusted for inflation, and as such, it can change from year to year. For 2022, the exclusion was increased from the previous year's limit of \$15,000 to \$16,000, reflecting this adjustment. This means that an individual could gift up to \$16,000 to multiple recipients without affecting their lifetime estate and gift tax exemption or having to file a gift tax return. Understanding this exclusion is essential for tax planning, as it allows individuals to transfer wealth to family members, friends, or charitable organizations while minimizing tax liabilities.

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://intuit-tax.examzify.com>

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

SAMPLE