

INTUIT ACADEMY TAX PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://intuit-tax.examzify.com>



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 are capital gains?**
 - A. Losses incurred from investment sales
 - B. Profits from the sale of appreciated assets
 - C. Taxable income from wages
 - D. Interest earned on savings accounts
- 2. How much income tax would a taxpayer earning \$350,000 owe under the government's tax schedule?**
 - A. \$16,500
 - B. \$18,000
 - C. \$20,000
 - D. Non of the above
- 3. Which of the following is NOT included in taxable income?**
 - A. Rental income.
 - B. Salaries.
 - C. Gifts received during the year.
 - D. Interest earned.
- 4. How are Social Security benefits taxed?**
 - A. They are always taxed at a flat rate.
 - B. They are subject to tax based on the taxpayer's combined income.
 - C. They are completely exempt from federal income tax.
 - D. They are only taxed if the taxpayer is under 60 years old.
- 5. What is a tax shelter?**
 - A. A type of tax refund
 - B. A financial strategy to reduce taxable income
 - C. A government-provided credit
 - D. A tax filing status
- 6. What does "taxable income" refer to?**
 - A. Income with all deductions included
 - B. Total income before any deductions
 - C. Gross income minus deductions and exemptions
 - D. Net income after all taxes are paid

7. What does a standard deduction do for taxpayers?

- A. It increases taxable income
- B. It reduces taxable income
- C. It complicates the filing process
- D. It eliminates the need for tax payments

8. What are the criteria for a taxpayer to file as Head of Household?

- A. The taxpayer must be married and have children
- B. The taxpayer must be unmarried with a qualifying dependent
- C. The taxpayer must live alone and pay all expenses
- D. The taxpayer must be a single parent with no dependents

9. How is "nontaxable income" defined?

- A. Earnings subject to capital gains tax
- B. Income subject to federal taxation
- C. Earnings not subject to income tax, including certain gifts and inheritances
- D. All income derived from government aid

10. In tax terms, what does "basis" refer to?

- A. The total investment in an asset
- B. The gain realized from selling an asset
- C. The amount of investment in an asset
- D. The depreciation of an asset over time

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What are capital gains?

- A. Losses incurred from investment sales
- B. Profits from the sale of appreciated assets**
- C. Taxable income from wages
- D. Interest earned on savings accounts

Capital gains refer specifically to the profits that an individual or entity realizes when they sell an asset for more than its original purchase price. This typically applies to assets such as stocks, real estate, and other investments that have appreciated in value over time. When the sale price exceeds the purchase price, the difference is classified as a capital gain, which is important for tax purposes, as it can impact an individual's taxable income. Understanding capital gains is crucial in the context of investment strategies and tax planning, as different types of capital gains (short-term versus long-term) can be taxed at different rates. Long-term capital gains, for instance, which apply to assets held for over a year, usually benefit from lower tax rates compared to short-term gains. The other options highlight different financial concepts that do not align with the definition of capital gains. Losses from investments would indicate a capital loss, taxable income from wages pertains to earned income, and interest earned on savings accounts relates to income generated from savings rather than capital investments. Thus, the focus on profits from the sale of appreciated assets accurately captures the essence of capital gains.

2. How much income tax would a taxpayer earning \$350,000 owe under the government's tax schedule?

- A. \$16,500
- B. \$18,000
- C. \$20,000
- D. Non of the above**

To determine the income tax owed by a taxpayer earning \$350,000 under the government's tax schedule, it is essential to understand how income tax rates are applied in brackets. The tax system typically consists of progressive tax brackets, where different portions of income are taxed at different rates. For someone earning \$350,000, the income would be divided across those brackets. Each portion of the income that falls within the range of the brackets is taxed at the corresponding rate. Generally, the first portion of income is taxed at a lower rate, and as income increases, higher rates apply to higher income thresholds. For example, if we consider a typical progressive tax schedule, the taxpayer would pay a specific rate on each bracket of their income up to \$350,000. When calculated correctly, the total amount owed would reflect the cumulative tax across all brackets applicable to that income level. Many tax schedules might yield a considerably higher amount than \$16,500, which suggests that this option does not align with how tax brackets function for an income of \$350,000. For a higher income like this, the calculated tax will likely be significant, reflecting the higher tax rates applied to upper income brackets. Thus, while the exact calculation would depend on the

3. Which of the following is NOT included in taxable income?

- A. Rental income.
- B. Salaries.
- C. Gifts received during the year.**
- D. Interest earned.

Gifts received during the year are generally not included in taxable income because the Internal Revenue Code excludes such gifts from taxation. This means that if an individual receives a gift, they do not need to report it as income when filing their tax return. The rationale behind this exclusion is to encourage the act of giving without imposing a tax burden on the recipient. In contrast, rental income, salaries, and interest earned are all forms of income that are subject to taxation. Rental income is considered business income and must be reported, salaries are compensation for services rendered and are taxable, and interest earned on investments or savings is also taxable income. Thus, the correct understanding of what constitutes taxable income confirms that gifts received do not fall under this category.

4. How are Social Security benefits taxed?

- A. They are always taxed at a flat rate.
- B. They are subject to tax based on the taxpayer's combined income.**
- C. They are completely exempt from federal income tax.
- D. They are only taxed if the taxpayer is under 60 years old.

Social Security benefits are taxed based on the taxpayer's combined income, which includes adjusted gross income (AGI), tax-exempt interest, and half of the Social Security benefits received. This approach creates a threshold that determines how much of the benefit is subject to federal income tax. For individuals with a combined income above certain levels, up to 85% of their Social Security benefits may be taxable. The calculation of combined income recognizes that benefits are designed to provide assistance, but also acknowledges that for some taxpayers, especially those with additional sources of income, the benefits can represent a significant portion of their overall income. This graduated approach ensures that those with higher overall income levels are responsible for contributing to tax revenue through their benefits, while also providing relief for those with lower incomes.

5. What is a tax shelter?

- A. A type of tax refund
- B. A financial strategy to reduce taxable income**
- C. A government-provided credit
- D. A tax filing status

A tax shelter is defined as a financial strategy specifically designed to reduce taxable income and, consequently, the amount of tax owed. This can be accomplished through various methods such as investments in certain assets, utilizing specific deductions, and taking advantage of tax-deferred accounts. The goal of a tax shelter is to legally minimize tax liabilities by lowering the reported income that is subject to taxation. In contrast, the other choices describe different concepts related to tax but do not accurately define what a tax shelter is. A type of tax refund refers to the return of excess tax payments made by the taxpayer, which does not involve a strategy for minimizing income. A government-provided credit typically refers to a direct reduction in tax liability based on specific criteria, rather than a method to reduce taxable income. Tax filing status pertains to how an individual's income and deductions are categorized for tax purposes, which influences rates and eligibility for certain benefits but is not a strategy for minimizing taxable income.

6. What does "taxable income" refer to?

- A. Income with all deductions included
- B. Total income before any deductions
- C. Gross income minus deductions and exemptions**
- D. Net income after all taxes are paid

Taxable income refers to the amount of income that is subject to taxation after accounting for allowable deductions and exemptions. It is calculated by taking gross income, which includes all sources of income received, and then subtracting deductions such as business expenses, standard deductions, personal exemptions, and other specific allowances. This calculation provides a more accurate reflection of an individual's financial situation, as it recognizes that not all income is necessarily subject to taxation. Therefore, option C accurately captures this definition, as it represents the process of determining how much of one's income is taxable after adjustments. Other options do not correctly define taxable income. Including all deductions refers to something broader that does not align with how taxable income is typically calculated. Total income before any deductions does not consider the reductions applicable to taxable income, which is why it doesn't represent taxable income accurately. Likewise, net income after all taxes are paid describes post-tax earnings rather than the income on which taxes are calculated. Thus, C stands out as the precise representation of taxable income.

7. What does a standard deduction do for taxpayers?

- A. It increases taxable income
- B. It reduces taxable income**
- C. It complicates the filing process
- D. It eliminates the need for tax payments

The standard deduction serves a significant purpose for taxpayers by reducing their taxable income. By lowering the amount of income that is subject to taxation, it enables individuals to retain more of their earnings. This reduction is applied directly to the taxpayer's adjusted gross income, which subsequently lowers the overall tax liability. For many taxpayers, especially those who do not have sufficient itemizable deductions, taking the standard deduction simplifies the tax preparation process, allowing them to claim a straightforward deduction without needing to track and document various expenses throughout the year. While it does not eliminate tax payments entirely, it provides a foundational tax benefit that can lessen the overall tax burden.

8. What are the criteria for a taxpayer to file as Head of Household?

- A. The taxpayer must be married and have children
- B. The taxpayer must be unmarried with a qualifying dependent**
- C. The taxpayer must live alone and pay all expenses
- D. The taxpayer must be a single parent with no dependents

To qualify as Head of Household, a taxpayer must meet specific criteria outlined by the IRS, which includes being unmarried or considered unmarried at the end of the tax year and having a qualifying dependent. A qualifying dependent can be a child or another relative who meets certain requirements regarding residency and relationship to the taxpayer. Choosing to file as Head of Household provides taxpayers with a more favorable tax rate and a higher standard deduction compared to filing as Single, making it a beneficial filing status for those who qualify. Being married and having children, living alone and covering all expenses, or being a single parent without dependents do not meet the specific conditions required to file as Head of Household, which emphasizes the importance of having a qualifying dependent. This distinction is essential in understanding the eligibility for this filing status and maximizing tax benefits.

9. How is "nontaxable income" defined?

- A. Earnings subject to capital gains tax
- B. Income subject to federal taxation
- C. Earnings not subject to income tax, including certain gifts and inheritances**
- D. All income derived from government aid

Nontaxable income refers specifically to earnings or payments that are not subject to income tax as defined by the Internal Revenue Code. This includes various types of income such as certain gifts, inheritances, child support, and some scholarships. Nontaxable income does not contribute to the taxpayer's gross income and therefore is excluded from taxable income. In the context of the options provided, the definition that captures this concept accurately is the one indicating that earnings are not subject to income tax, which indeed includes specific examples like gifts and inheritances. This understanding is crucial for tax planning and preparing accurate tax returns, as recognizing what constitutes nontaxable income can impact an individual's overall tax liability. Other options, by suggesting income types that are subject to taxation or misclassifying government aid, do not correctly reflect the definition of nontaxable income as outlined by tax legislation and its interpretations. Understanding this distinction is vital for effective tax practice.

10. In tax terms, what does "basis" refer to?

- A. The total investment in an asset
- B. The gain realized from selling an asset
- C. The amount of investment in an asset**
- D. The depreciation of an asset over time

The term "basis" in tax terminology refers to the amount of investment in an asset. This foundational concept is essential for determining gain or loss upon the sale of the asset. Basis encompasses the original purchase price of the asset, as well as any additional costs incurred to acquire it, such as closing costs or improvements. The basis is critical because it is the figure used to calculate any gain or loss when the asset is sold. For example, if you bought a property for \$200,000 and made \$50,000 in improvements, your basis would be \$250,000. If you later sold that property for \$300,000, your taxable gain would be calculated by subtracting the adjusted basis from the selling price. Understanding this concept helps taxpayers make informed decisions about asset transactions and is a fundamental principle in accounting for profits and losses in the tax arena.

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