

JACKSON HEWITT TAX PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE

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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

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- 1. What can trigger an underpayment penalty for estimated tax?**
 - A. Filing late only.
 - B. Not paying enough tax through withholding and timely estimated tax payments; penalties may be calculated using Form 2210.
 - C. Earned income exceeding threshold.
 - D. Paying too much tax through withholding.
- 2. Which form reports payroll taxes withheld from employees?**
 - A. Form W-2
 - B. Form 941
 - C. Form 2555
 - D. Form 8839
- 3. What defines the Head of Household filing status?**
 - A. Married filing jointly with a qualifying person.
 - B. Unmarried and living with parents.
 - C. Unmarried or considered unmarried and paying more than half the cost of maintaining a home for a qualifying person.
 - D. Filing as single with dependents.
- 4. Which form is used to calculate passive activity loss limitations?**
 - A. Form 2441
 - B. Form 8582
 - C. Form 1116
 - D. Form 1098
- 5. Which statement describes the qualifying child support test?**
 - A. The child cannot have provided more than half of their own support for the year.
 - B. The child must live with the taxpayer for the entire year.
 - C. The child must have earned income.
 - D. The child must file a joint return with a spouse.

- 6. When are estimated tax payments typically due for a calendar-year taxpayer?**
- A. Only when owing more than \$1,000.
 - B. Annually at year-end.
 - C. Monthly on the 15th.
 - D. In quarterly installments (roughly April, June, September, and January of the following year).
- 7. What is Schedule E used to report?**
- A. Income and losses from rental real estate, royalties, partnerships, S corporations, and LLCs that are pass-through entities.
 - B. Wages and salaries from employment.
 - C. Self-employment income only.
 - D. Capital gains from investments.
- 8. Taxable income is calculated by subtracting which from adjusted gross income (AGI)?**
- A. The standard deduction only.
 - B. The standard deduction or itemized deductions.
 - C. Tax credits.
 - D. Any tax already paid.
- 9. What is considered unearned income?**
- A. Interest from a bank account, unemployment benefits, retirement income, and pension
 - B. Wages from a job
 - C. Self-employment income
 - D. Capital gains from selling stock
- 10. How is the taxpayer's age determined for filing purposes?**
- A. On the date of filing
 - B. As of December 31st of that year
 - C. On the last day of the tax year
 - D. As of January 1st of the following year

Answers

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

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Explanations

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1. What can trigger an underpayment penalty for estimated tax?

- A. Filing late only.
- B. Not paying enough tax through withholding and timely estimated tax payments; penalties may be calculated using Form 2210.**
- C. Earned income exceeding threshold.
- D. Paying too much tax through withholding.

The key idea is that an underpayment penalty happens when you don't pay enough of your tax during the year through withholding and timely estimated tax payments. If the total amount you've paid through withholding plus estimated payments falls short of your actual tax for the year, you may owe this penalty. The amount is determined using Form 2210 to see how much was underpaid and for how long. Safe harbors help you avoid the penalty: if you've paid at least 90% of the current year's tax or 100% (110% if your adjusted gross income is high) of last year's tax through withholding and estimated payments, you generally won't owe the penalty even if you end up owing at filing. Filing late is a separate issue that can trigger late-filing penalties, not the underpayment penalty. Paying too much through withholding means you've overpaid, which doesn't trigger an underpayment penalty. Earned income exceeding a threshold isn't itself the triggering factor; the penalty depends on whether enough tax was paid during the year.

2. Which form reports payroll taxes withheld from employees?

- A. Form W-2**
- B. Form 941
- C. Form 2555
- D. Form 8839

Payroll withholdings are summarized on Form W-2. This annual wage and tax statement is issued to employees and filed with the Social Security Administration. It shows total wages for the year and the amounts withheld for federal income tax, Social Security tax, and Medicare tax. Employees rely on the W-2 when preparing their personal tax returns to verify withholdings and determine if they owe more taxes or are due a refund. The quarterly Form 941 is used by employers to report payroll taxes to the IRS, including both the amounts withheld and the employer's matching shares, not a year-end summary for the employee. Forms 2555 and 8839 serve different purposes—foreign earned income exclusion and the Adoption Tax Credit, respectively.

3. What defines the Head of Household filing status?

- A. Married filing jointly with a qualifying person.
- B. Unmarried and living with parents.
- C. Unmarried or considered unmarried and paying more than half the cost of maintaining a home for a qualifying person.**
- D. Filing as single with dependents.

Head of Household is defined by two main ideas: you're not married (or you're treated as unmarried for tax purposes), and you pay more than half the cost of keeping up a home for a qualifying person. That qualifying person is typically a dependent like a child or certain relatives who lived with you for more than half the year, with an exception for a qualifying parent where you don't have to have the parent live with you if you maintain their main home and cover more than half the costs. Because you meet both conditions—unmarried (or considered unmarried) and paying over half the home maintenance costs for a qualifying person—you fit the Head of Household filing status. The other options don't align with these requirements: they either involve being married, or misstate the need to be unmarried or to provide the main home costs for a qualifying person.

4. Which form is used to calculate passive activity loss limitations?

- A. Form 2441
- B. Form 8582**
- C. Form 1116
- D. Form 1098

Passive activity loss limitations cap how much loss from activities you don't materially participate in you can deduct in a year. Form 8582 is the tool used to figure those limits and to report the portion of the loss you can deduct now versus what must be carried forward to future years. It applies to passive activities such as rental real estate and businesses where your participation isn't substantial. The form also handles the carryover of suspended losses until you have enough passive income or you dispose of the activity, allowing some losses to become deductible later. Other forms serve different purposes: Form 2441 is for child and dependent care expenses, Form 1116 is for foreign tax credits, and Form 1098 reports mortgage interest.

5. Which statement describes the qualifying child support test?

- A. The child cannot have provided more than half of their own support for the year.**
- B. The child must live with the taxpayer for the entire year.
- C. The child must have earned income.
- D. The child must file a joint return with a spouse.

The key idea is the support test for a qualifying child. To claim a child as a dependent, you must provide more than half of the child's total support for the year. That means if the child themselves provides more than half of their own support, you cannot claim them as a qualifying child. The statement matches this rule because it focuses on who provides the majority of support. Context helps: "support" includes housing, food, clothing, medical care, education, transportation, and other essentials paid for by you or by the child's family. The child's own earnings count toward their support, so if those earnings exceed half of their total support, the test isn't met. The other criteria for a qualifying child (such as living with you for more than half the year) are separate from this specific test, and earning income or filing a joint return with a spouse are not the defining elements of the support test.

6. When are estimated tax payments typically due for a calendar-year taxpayer?

- A. Only when owing more than \$1,000.
- B. Annually at year-end.
- C. Monthly on the 15th.
- D. In quarterly installments (roughly April, June, September, and January of the following year).**

Estimated tax payments are designed to cover tax as income is earned, so calendar-year taxpayers who expect to owe tax after withholding must make periodic payments. Those payments are due in quarterly installments, roughly on April 15, June 15, September 15, and January 15 of the following year. This schedule helps spread the tax bill over the year and avoid penalties for underpayment. It isn't a yearly lump sum or a monthly duty; the requirement to pay arises when you expect to owe a certain amount, but the actual payments follow the quarterly rhythm.

7. What is Schedule E used to report?

- A. Income and losses from rental real estate, royalties, partnerships, S corporations, and LLCs that are pass-through entities.
- B. Wages and salaries from employment.
- C. Self-employment income only.**
- D. Capital gains from investments.

Schedule E is used to report supplemental income and losses from sources where the income passes through to you rather than being taxed at the entity level. It covers income and expenses from rental real estate, royalties, and your share of income or loss from partnerships, S corporations, and LLCs that are treated as pass-through entities. When you're dealing with partnerships, S corporations, or LLCs, you typically receive a Schedule K-1 that shows your portion of the entity's income or loss, which you then report on Schedule E. Wages and salaries come from Form W-2 and are reported on your main tax return, not Schedule E. Self-employment income is reported on Schedule C (and the associated self-employment tax on Schedule SE), not on Schedule E. Capital gains are reported on Schedule D.

8. Taxable income is calculated by subtracting which from adjusted gross income (AGI)?

- A. The standard deduction only.
- B. The standard deduction or itemized deductions.**
- C. Tax credits.
- D. Any tax already paid.

Taxable income is found by taking adjusted gross income and subtracting deductions. After you determine AGI, you either take the standard deduction or you add up itemized deductions, and you choose whichever results in a larger deduction. This reduction lowers AGI to taxable income. Tax credits don't reduce taxable income themselves; they reduce the tax you owe after the tax is calculated. Amounts paid toward taxes earlier (withholding or estimated payments) affect your refund or amount due, not the calculation of taxable income.

9. What is considered unearned income?

- A. Interest from a bank account, unemployment benefits, retirement income, and pension
- B. Wages from a job
- C. Self-employment income**
- D. Capital gains from selling stock

Unearned income is money you receive without actively working for it. Interest from a bank account grows whether you're working or not, and unemployment benefits come from government programs rather than from current labor. Retirement income and pension payments come from past work or investments, not from your current wages. Wages from a job and self-employment income are earned income because they come directly from work you perform. Capital gains from selling stock come from investment activity, not from wages, so they're not earned income. The example that lists bank interest, unemployment benefits, and retirement/pension matches the idea of income you receive without working, which is why it's identified as unearned income.

10. How is the taxpayer's age determined for filing purposes?

- A. On the date of filing
- B. As of December 31st of that year**
- C. On the last day of the tax year
- D. As of January 1st of the following year

The age used for filing purposes is the age you are on December 31 of the tax year. This year-ending reference keeps eligibility for age-related rules—like the additional standard deduction for being 65 or older—consistent no matter when you file or when your birthday falls. For example, if you turn 65 at any point during the year, you're considered 65 as of December 31, so you qualify for those benefits that year. The date of filing or January 1 of the following year doesn't determine your age for these purposes.

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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://jacksonhewitttax.examzify.com>

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

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