

# REGISTERED TAX RETURN PREPARER RTRP PRACTICE EXAM (SAMPLE)

## STUDY GUIDE



## SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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. How long should taxpayers keep tax-related records?**
  - A. 1 year
  - B. 3 years
  - C. 5 years
  - D. Forever
- 2. What is a 1099 form used for?**
  - A. To report capital gains
  - B. To report various types of income other than wages
  - C. To report employee wages
  - D. To report deductions
- 3. What is the Lifetime Learning Credit amount?**
  - A. Up to \$2000
  - B. Up to \$3000
  - C. Up to \$4000
  - D. Up to \$5000
- 4. When is a taxpayer required to file Form 1095-A?**
  - A. When they have student loan debt
  - B. When they received health insurance through the Marketplace
  - C. When they have self-employment income
  - D. When they sold property during the year
- 5. What type of income is reported on Schedule F?**
  - A. Income from self-employment activities
  - B. Income earned from investments
  - C. Income from farming activities
  - D. Income generated from rental properties
- 6. Which of the following best describes traditional IRAs?**
  - A. They allow for tax-free withdrawals in retirement
  - B. They provide tax deductions for contributions and tax-deferred growth
  - C. They require after-tax dollars for contributions
  - D. They have no contribution limits

- 7. For tax purposes, what is the treatment of income earned abroad?**
- A. It is fully exempt from taxation
  - B. It is taxed at a higher rate
  - C. It can be offset using the Foreign Tax Credit
  - D. It is treated as passive income
- 8. For an individual to qualify as a Qualifying Child, what is the minimum age requirement?**
- A. Must be 21 years old
  - B. Must be younger than the Taxpayer
  - C. Must be under age 18
  - D. Must be under age 25 and a full-time student
- 9. Which of the following is a benefit of a Roth IRA?**
- A. Contributions can be deducted from taxable income
  - B. Tax-free withdrawals in retirement
  - C. Higher contribution limits than traditional IRAs
  - D. No income restrictions for contributions
- 10. What forms are typically required to report investment income?**
- A. Form 1040 and Form W-2
  - B. Form 1099-DIV and Form 1099-INT
  - C. Form 8889 and Form 8879
  - D. Form 4868 and Form 7004

## **Answers**

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

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## **Explanations**

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## 1. How long should taxpayers keep tax-related records?

- A. 1 year
- B. 3 years**
- C. 5 years
- D. Forever

Taxpayers should generally keep tax-related records for three years from the date they filed their tax return or the due date of that return, whichever is later. This period aligns with the IRS statute of limitations for audits, giving the IRS the ability to examine returns for errors or discrepancies within this timeframe. Retaining records for three years allows taxpayers to provide documentation in case they need to substantiate their reported income, expenses, or deductions in the event of an audit. While it might seem prudent to keep records longer, the three-year guideline balances the need for audit protection with the practicalities of storage and record-keeping. Some specific exceptions may require longer retention periods, such as if a taxpayer underreports their income by more than 25%, which extends the audit window to six years. Certain situations, like claims for loss from worthless securities or bad debts, might also warrant keeping records longer. Options suggesting shorter retention periods may not provide adequate protection during the audit period, and keeping records forever is impractical and unnecessary for most taxpayers.

## 2. What is a 1099 form used for?

- A. To report capital gains
- B. To report various types of income other than wages**
- C. To report employee wages
- D. To report deductions

The 1099 form is utilized primarily to report various types of income that a taxpayer may receive which are not classified as wages. It serves a critical function in documenting income from freelance work, rent, dividends, interest, and other non-employment-related income sources. Each variation of the 1099 form is tailored to a specific type of income; for instance, the 1099-MISC is often used for reporting payments made to independent contractors, while the 1099-INT is designated for reporting interest income. Understanding this form is vital for both preparers and taxpayers since correct reporting is essential for accurate income taxation. The information reported on 1099 forms must be reconciled with the taxpayer's return, ensuring that all income is accounted for properly to avoid discrepancies with the IRS. Other types of forms such as W-2s are used for reporting wages to employees, while forms for deductions focus on different aspects of tax returns altogether. Therefore, the specified use of the 1099 form is critical in the landscape of income reporting and taxation.

## 3. What is the Lifetime Learning Credit amount?

- A. Up to \$2000**
- B. Up to \$3000
- C. Up to \$4000
- D. Up to \$5000

The Lifetime Learning Credit provides a tax benefit for individuals pursuing higher education and partially compensates for those expenses. The correct amount for this credit is capped at \$2,000 per tax return, regardless of the number of students or institutions attended. This credit can be claimed for qualified tuition and related expenses for an unlimited number of years, which makes it particularly valuable for graduate students or those taking courses to acquire or improve skills. The amounts presented in the other options exceed the actual maximum allowed for this credit, which is firmly established at \$2,000. This ensures clarity for taxpayers regarding the potential financial assistance they can receive while pursuing education continuously over their lifetime.

#### 4. When is a taxpayer required to file Form 1095-A?

- A. When they have student loan debt
- B. When they received health insurance through the Marketplace**
- C. When they have self-employment income
- D. When they sold property during the year

A taxpayer is required to file Form 1095-A when they have received health insurance coverage through the Health Insurance Marketplace. This form serves as a crucial document that provides information about the health insurance purchased, including data needed to determine eligibility for premium tax credits and to complete Form 8962, Premium Tax Credit. Receiving health insurance through the Marketplace generates this form because it documents the amount of premium tax credits the taxpayer may qualify for based on their income and family size. It also indicates whether they and any dependents have minimum essential coverage during the tax year. This requirement helps ensure that taxpayers comply with the Affordable Care Act's provisions regarding health coverage, making it essential for those participating in the Marketplace to file this form on their tax returns. In other scenarios, such as having student loan debt, self-employment income, or selling property during the year, different forms and reporting requirements apply, but they do not necessitate the filing of Form 1095-A.

#### 5. What type of income is reported on Schedule F?

- A. Income from self-employment activities
- B. Income earned from investments
- C. Income from farming activities**
- D. Income generated from rental properties

Schedule F, also known as "Profit or Loss from Farming," is specifically designed for reporting income and expenses related to farming activities. This includes income from the sale of livestock, produce, grains, and other farm-related products. Farmers use this schedule to detail not only their income but also the costs associated with running a farming business, allowing for accurate calculation of net profit or loss from agricultural activities. By focusing on farming, Schedule F excludes other kinds of income such as self-employment activities (which would be more appropriately reported on Schedule C), investment income (typically reported on Schedule B), or rental income (reported on Schedule E). Therefore, it is essential for individuals involved in agricultural production to use Schedule F to ensure compliance with tax reporting requirements and accurately capture all relevant financial information related to their farming operations.

## 6. Which of the following best describes traditional IRAs?

- A. They allow for tax-free withdrawals in retirement
- B. They provide tax deductions for contributions and tax-deferred growth**
- C. They require after-tax dollars for contributions
- D. They have no contribution limits

*Traditional IRAs are designed to incentivize retirement savings by offering both tax deductions for contributions and tax-deferred growth on the invested funds. Contributions made to a traditional IRA may be fully or partially deductible from taxable income, depending on the individual's income, tax filing status, and other factors. This means that individuals can reduce their taxable income in the year they make contributions, effectively lowering their current tax liability. In addition to immediate tax deductions, the growth of the investments within a traditional IRA is tax-deferred, meaning that no taxes are owed on earnings until they are withdrawn during retirement. This can potentially result in significant tax savings, as individuals may be in a lower tax bracket in retirement than during their working years. Other options do not accurately depict the characteristics of traditional IRAs. For example, while traditional IRAs do eventually allow for tax-free withdrawals in retirement, the withdrawals themselves are subject to income tax. Contributions to traditional IRAs are made with pre-tax dollars, not after-tax dollars, and there are contribution limits set by the IRS, which dictate how much an individual can contribute to their traditional IRA each year.*

## 7. For tax purposes, what is the treatment of income earned abroad?

- A. It is fully exempt from taxation
- B. It is taxed at a higher rate
- C. It can be offset using the Foreign Tax Credit**
- D. It is treated as passive income

*Income earned abroad is typically subject to U.S. taxation for citizens and residents. However, to alleviate the burden of double taxation—paying taxes on that income both in the U.S. and the foreign country—the Internal Revenue Service (IRS) allows taxpayers to use the Foreign Tax Credit. This credit is designed to offset the amount of U.S. tax owed by the amount of foreign taxes paid on the same income. This means that if a taxpayer earns income abroad and pays taxes to that foreign government, they can apply for a credit against their U.S. tax liability. This provision encourages taxpayers to engage in international business and investment without the fear of excessive tax burdens as a result of earning foreign income. Other choices do not accurately represent how income earned abroad is treated. For example, asserting that foreign income is fully exempt from taxation ignores the principle of worldwide income taxation for U.S. citizens and residents. Moreover, stating that it is taxed at a higher rate doesn't reflect the specific regulatory framework surrounding foreign income. Lastly, classifying it as passive income oversimplifies the nature of the income, as it could vary based on the source and type of foreign earnings.*

**8. For an individual to qualify as a Qualifying Child, what is the minimum age requirement?**

- A. Must be 21 years old
- B. Must be younger than the Taxpayer
- C. Must be under age 18**
- D. Must be under age 25 and a full-time student

*The correct answer indicates that for an individual to qualify as a Qualifying Child, they must be under age 18. This age requirement is in line with IRS guidelines, which define a Qualifying Child for tax purposes. A child under the age of 18 at the end of the tax year can be considered a Qualifying Child if they meet other criteria such as residency and relationship tests. This provision is important because it allows parents or guardians to claim certain tax benefits, such as the Child Tax Credit or the Earned Income Tax Credit, which are designed to support households with dependent children. The criteria regarding age reflect the IRS's recognition of childhood development stages, promoting the financial support that parents can offer during these critical years.*

**9. Which of the following is a benefit of a Roth IRA?**

- A. Contributions can be deducted from taxable income
- B. Tax-free withdrawals in retirement**
- C. Higher contribution limits than traditional IRAs
- D. No income restrictions for contributions

*The benefit of a Roth IRA that stands out is the provision for tax-free withdrawals in retirement. This feature allows account holders to withdraw both their contributions and the earnings on those contributions without having to pay any taxes, as long as certain conditions are met, such as reaching the age of 59½ and having had the account for at least five years. This is particularly advantageous for individuals who expect to be in a higher tax bracket in retirement than they are currently, as it provides a way to maximize tax efficiency. In contrast to the other options, contributions to a Roth IRA are not tax-deductible, which is a key difference when compared to traditional IRAs. Additionally, while traditional IRAs generally have certain income restrictions when it comes to tax-deductibility and contributing, Roth IRAs do have some income limitations that phase out the ability to contribute as one's income increases. Lastly, Roth IRAs have lower contribution limits compared to some types of retirement accounts, including traditional IRAs. All of these factors underscore why tax-free withdrawals in retirement is considered one of the primary benefits of a Roth IRA.*

**10. What forms are typically required to report investment income?**

- A. Form 1040 and Form W-2
- B. Form 1099-DIV and Form 1099-INT**
- C. Form 8889 and Form 8879
- D. Form 4868 and Form 7004

*The correct answer is centered around the specific forms designed to report various types of investment income. Form 1099-DIV is used to report dividends and distributions from investments, while Form 1099-INT is utilized for reporting interest income. Both forms provide crucial information that taxpayers need to accurately report their investment income on their tax returns, usually on Form 1040. In contrast, the other forms listed are irrelevant for investment income reporting. Form 1040 is a standard tax return form but does not specifically relate to investment income reporting in the context of the question. Form W-2, while a vital form for reporting wages and salaries, does not apply to investment income, which is the focus here. Forms 8889 and 8879 pertain to health savings accounts and e-filing authorization, respectively, and do not relate to the reporting of investment income. Lastly, Forms 4868 and 7004 deal with obtaining extensions for filing individual and business tax returns, which again does not concern the direct reporting of investment income. Hence, the forms 1099-DIV and 1099-INT are indeed the required documents for reporting investment income.*

## 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://rtrpexam.examzify.com>

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

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