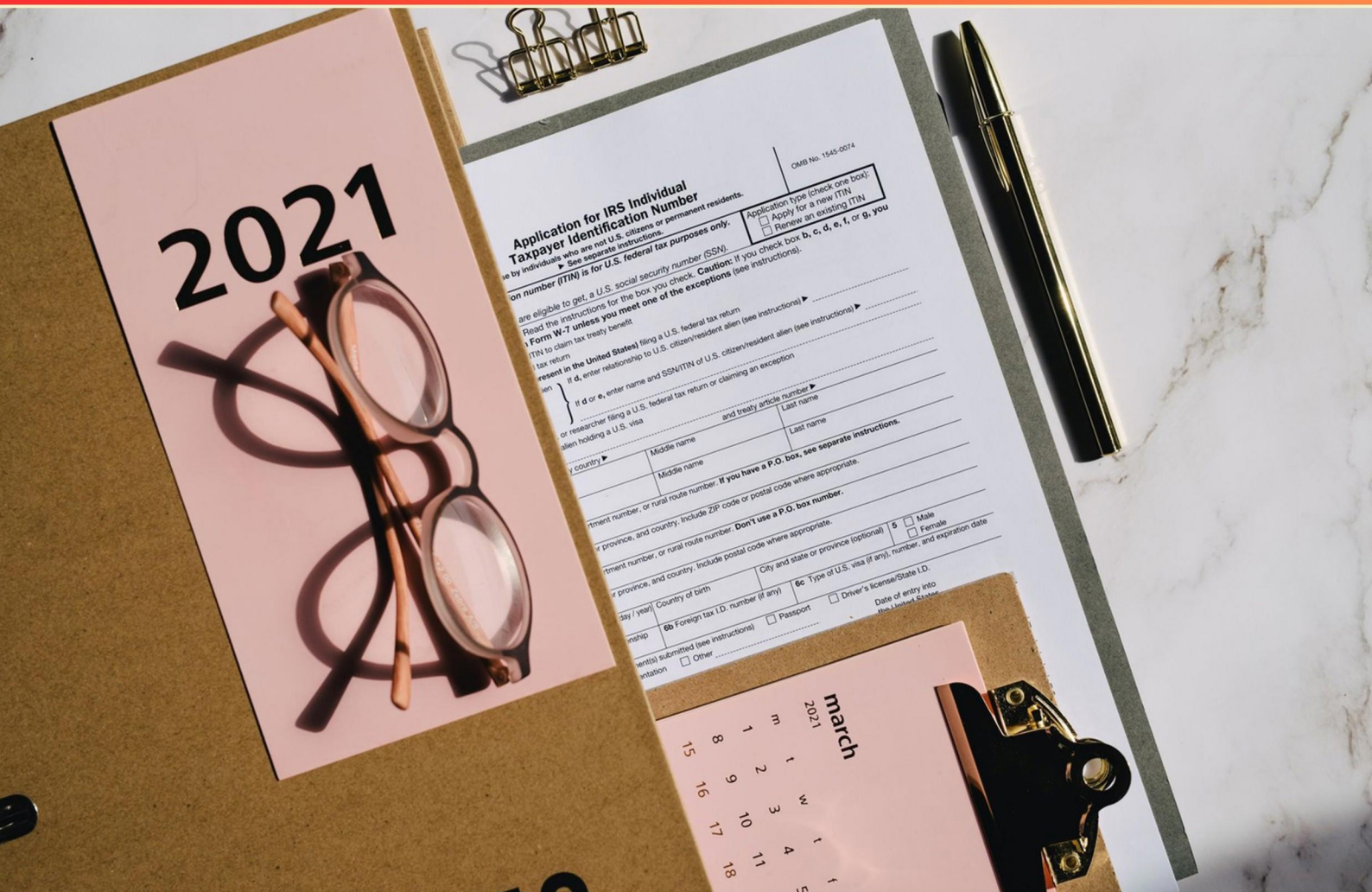


VITA ADVANCED CERTIFICATION PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

<https://vitaadvanced.examzify.com>



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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	16

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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. Which of the following is not relevant to the Premium Tax Credit?**
 - A. Form 1095-A
 - B. Form 940
 - C. Form W-2
 - D. Form 8962
- 2. How are alimony payments treated for tax purposes for divorce agreements executed before 2019?**
 - A. Not deductible and not taxable
 - B. Taxable to the payer and deductible by the recipient
 - C. Taxable to the recipient and deductible by the payer
 - D. Subject to standard income tax rules only
- 3. What should a volunteer do if they discover a client wants to use their personal bank account for direct deposit of a refund?**
 - A. Promise to help them with the direct deposit
 - B. Explain the risks and advise against it
 - C. Inform them it is against policy and cannot be done
 - D. Allow it due to client insistence
- 4. What are the penalties for not maintaining minimum essential health coverage under the ACA?**
 - A. There are no penalties imposed starting in 2019 for most states
 - B. Penalties are increased for those who don't maintain coverage
 - C. Penalties vary by income level
 - D. All states impose a \$100 penalty
- 5. What should a taxpayer do if they owe back taxes?**
 - A. Ignore the payment until contacted by the IRS
 - B. Contact the IRS to make payment arrangements or explore options for settlements
 - C. Immediately pay the entire amount due
 - D. File for bankruptcy

- 6. What is the total amount of other income reported on the Lincoln's Form 1040, Schedule 1?**
- A. \$4,414
 - B. \$5,000
 - C. \$4,950
 - D. \$5,439
- 7. What is the amount of Joanne's lifetime learning credit?**
- A. \$480
 - B. \$600
 - C. \$750
 - D. \$500
- 8. What does the acronym VITA stand for?**
- A. Volunteer Income Tax Assessment
 - B. Volunteer Income Tax Assistance
 - C. Voluntary Income Tax Action
 - D. Voluntary Internal Tax Assistance
- 9. Is Jenny eligible to contribute an additional \$1,000 to her HSA because she is age 55 or older?**
- A. True
 - B. False
 - C. Only with employer permission
 - D. Only if she has dependents
- 10. If a VITA/TCE volunteer uses client information for personal gain, what has occurred?**
- A. They have made a fair business decision
 - B. They have engaged in an ethical practice
 - C. They have violated the Volunteer Standards of Conduct
 - D. They acted appropriately under the circumstances

Answers

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

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Explanations

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1. Which of the following is not relevant to the Premium Tax Credit?

- A. Form 1095-A
- B. Form 940**
- C. Form W-2
- D. Form 8962

The Premium Tax Credit is specifically tied to individuals purchasing health insurance through the Health Insurance Marketplace. It helps lower the cost of premiums for eligible individuals and families. Form 1095-A is relevant because it provides information about the health insurance coverage purchased through the Marketplace, including the amount of the premium tax credits. Form 8962 is also pertinent as it is used to reconcile the Premium Tax Credit on an individual's tax return, ensuring that the credit claimed aligns with the advance payments received. Form W-2 reports an employee's earnings and taxes withheld, which, while important for overall tax purposes, does not have a direct connection to the Premium Tax Credit itself. Form 940 relates to employer tax for unemployment and is not involved in the health coverage aspect at all. Therefore, it does not pertain to the calculation or reporting related to the Premium Tax Credit, distinguishing it from Forms 1095-A and 8962.

2. How are alimony payments treated for tax purposes for divorce agreements executed before 2019?

- A. Not deductible and not taxable
- B. Taxable to the payer and deductible by the recipient
- C. Taxable to the recipient and deductible by the payer**
- D. Subject to standard income tax rules only

For divorce agreements executed before 2019, alimony payments are treated as taxable income for the recipient and deductible by the payer. This treatment aligns with IRS rules that were in place until the Tax Cuts and Jobs Act (TCJA) took effect, which changed the treatment of alimony for agreements executed after December 31, 2018. When a payer disburses alimony, they can deduct those amounts from their taxable income, effectively lowering their tax burden. Conversely, the recipient must report the alimony received as taxable income, meaning it is subject to income tax. This system was designed to provide a measure of equity, as the payer is assuming the tax burden for the amount being transferred, while the recipient recognizes the income from those payments. It's essential to note that the changes imposed by the TCJA only apply to divorce agreements finalized after 2018, which means that agreements concluded prior to that date are governed by the traditional tax treatment of alimony.

3. What should a volunteer do if they discover a client wants to use their personal bank account for direct deposit of a refund?

- A. Promise to help them with the direct deposit
- B. Explain the risks and advise against it
- C. Inform them it is against policy and cannot be done**
- D. Allow it due to client insistence

In this situation, the most appropriate course of action is to inform the client that using a personal bank account for direct deposit of a refund is against policy and cannot be done. This choice ensures adherence to the rules and regulations governing the tax preparation process as set by the VITA program. The policy typically requires the use of specific bank accounts, such as those established for tax purposes, to maintain security and prevent potential fraud. By providing this information to the client, the volunteer ensures that the clients' interests are safeguarded, and potential complications arising from improper use of bank accounts are avoided. Communicating clearly about the constraints of the policy also helps maintain professionalism and sets clear expectations with the client. It is important for volunteers to uphold the integrity and trust of the VITA program by ensuring that all actions align with established guidelines.

4. What are the penalties for not maintaining minimum essential health coverage under the ACA?

- A. There are no penalties imposed starting in 2019 for most states**
- B. Penalties are increased for those who don't maintain coverage
- C. Penalties vary by income level
- D. All states impose a \$100 penalty

The correct response indicates that starting in 2019, there are no penalties for individuals who do not maintain minimum essential health coverage under the Affordable Care Act (ACA) in most states. This change resulted from the Tax Cuts and Jobs Act of 2017, which effectively eliminated the individual mandate penalty that had previously applied to those without coverage. This means that, while people are still encouraged to have health insurance, they will not face a financial penalty for not having it in most circumstances, marking a significant shift in health insurance policy. The other options do not reflect the current state of ACA penalties. While penalties were initially enforced, the decision made in 2017 led to their removal starting in 2019. Therefore, the mention of increased penalties or variations based on income level no longer applies because the penalties were nullified in most states. The assertion that all states impose a specific penalty also doesn't hold true, given that most states do not impose any penalties for lack of coverage.

5. What should a taxpayer do if they owe back taxes?

- A. Ignore the payment until contacted by the IRS
- B. Contact the IRS to make payment arrangements or explore options for settlements**
- C. Immediately pay the entire amount due
- D. File for bankruptcy

When a taxpayer owes back taxes, the most advisable action is to contact the IRS to discuss payment arrangements or explore options for settlements. This is a proactive step that allows the taxpayer to remain compliant with tax laws while also addressing their financial situation effectively. The IRS offers various programs, such as installment agreements or offers in compromise, which can help taxpayers manage their debts. By reaching out, the taxpayer can avoid potential penalties and interest that accrue from ignoring the tax liability and may be able to find a solution that fits their financial circumstances. Taking such action shows the IRS that the taxpayer is willing to cooperate, which can be beneficial in negotiating a more manageable repayment plan. This option allows for communication with tax authorities, which is essential, as ignoring tax obligations can lead to more severe consequences such as liens, levies, and additional penalties. In contrast, ignoring the payment or waiting to be contacted can lead to worsening financial issues and legal complications. Simply paying the entire amount due may not be feasible for everyone, and filing for bankruptcy is typically considered a last resort and does not necessarily wipe out tax debts. Using the option of contacting the IRS provides a pathway to resolution without escalating the situation further.

6. What is the total amount of other income reported on the Lincoln's Form 1040, Schedule 1?

- A. \$4,414
- B. \$5,000
- C. \$4,950
- D. \$5,439**

To determine the total amount of other income reported on Lincoln's Form 1040, Schedule 1, it is essential to know what constitutes "other income." Other income includes items not specifically listed as wages or salaries, such as taxable interest, dividends, retirement distributions, alimony (for specific years), and various one-time payments that may not fit into standard income categories. In this scenario, the answer of \$5,439 indicates that Lincoln has correctly identified the sum total of these varied income sources as characterized on Schedule 1. This total may result from combining several items that fall under the "Other Income" section, reflecting miscellaneous earnings that the IRS will tax. Understanding the full context of what amounts are included in this total is important; it often requires careful attention to various financial documents, such as 1099 forms or other income statements. By accurately reporting this income, Lincoln ensures compliance with tax regulations and avoids any potential issues during tax season.

7. What is the amount of Joanne's lifetime learning credit?

- A. \$480**
- B. \$600
- C. \$750
- D. \$500

To determine Joanne's lifetime learning credit, it's important to understand how this tax credit works. The lifetime learning credit is available for qualified tuition and related expenses paid for eligible students enrolled in an eligible educational institution. The maximum amount of the lifetime learning credit is 20% of the first \$10,000 of qualified education expenses, which translates to a maximum credit of \$2,000 per tax return, not per student. However, here it seems that the calculated credit for Joanne is being focused on based on her specific expenses or the adjustments made in her tax situation. If Joanne's qualified expenses were such that the total credit calculated amounted to \$480, then that would be the applicable credit amount for her situation. This figure can be the result of specific calculations based on her tuition and fees minus any reductions, phase-outs due to income levels, or other educational credits that may apply. This understanding helps in identifying why the correct answer is \$480, as it reflects the computed amount relevant for Joanne's circumstances concerning her education expenses and the applicable credit rules.

8. What does the acronym VITA stand for?

- A. Volunteer Income Tax Assessment
- B. Volunteer Income Tax Assistance**
- C. Voluntary Income Tax Action
- D. Voluntary Internal Tax Assistance

The acronym VITA stands for Volunteer Income Tax Assistance. This program is designed to provide free tax preparation help to low-to-moderate income individuals and families. The primary goal of VITA is to ensure that these individuals can take advantage of available tax credits and deductions, which can maximize their tax refunds. VITA volunteers are trained to help taxpayers accurately complete their federal and state tax returns, guiding them through the process while also educating them about their tax responsibilities and rights. This initiative not only promotes financial literacy but also fosters community support by encouraging volunteers to engage with and assist their local populations in need. The other choices do not represent the true purpose or framework of the program, which is specifically geared towards assisting in tax preparation.

9. Is Jenny eligible to contribute an additional \$1,000 to her HSA because she is age 55 or older?

- A. True**
- B. False
- C. Only with employer permission
- D. Only if she has dependents

Jenny is indeed eligible to contribute an additional \$1,000 to her Health Savings Account (HSA) because she is age 55 or older. The Internal Revenue Service (IRS) allows individuals who are 55 and older to make what is referred to as a "catch-up contribution" to their HSA. This provision is designed to help individuals save more as they approach retirement, acknowledging that healthcare costs may increase as one ages. For the tax year 2023, the standard contribution limit for an HSA is \$3,850 for an individual, and with the catch-up provision, someone who is at least 55 years old can contribute up to an additional \$1,000. This means that if Jenny qualifies based on age, she can increase her HSA contributions to a total of \$4,850, which can be a valuable resource for managing healthcare expenses during retirement. The other options do not apply here; the ability to make the additional contribution is purely based on age and does not require employer permission or dependents. Thus, the statement is accurate and aligns with the regulations set forth by the IRS for HSAs.

10. If a VITA/TCE volunteer uses client information for personal gain, what has occurred?

- A. They have made a fair business decision
- B. They have engaged in an ethical practice
- C. They have violated the Volunteer Standards of Conduct**
- D. They acted appropriately under the circumstances

Using client information for personal gain constitutes a serious breach of ethical standards and principles. In the context of the VITA (Volunteers in Tax Assistance) and TCE (Tax Counseling for the Elderly) programs, volunteers are expected to adhere to strict guidelines that prioritize the confidentiality and trust of the clients they serve. When a volunteer uses client information improperly, it not only undermines the integrity of the programs but also violates the Volunteer Standards of Conduct, which are established to protect client privacy and maintain a high level of ethical responsibility. These standards explicitly prohibit any misuse of client information, ensuring that volunteers do not exploit their positions for personal benefit. This violation can lead to severe consequences, including the loss of volunteer privileges and potential legal repercussions. The other options do not align with the ethical responsibilities expected of VITA/TCE volunteers, as they suggest justifications for unethical behavior or a misunderstanding of the obligations to clients.

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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://vitaadvanced.examzify.com>

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

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