

Multiple Choice Questions from Course Transcript

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Question 1

****What is the minimum score required on the final quiz to earn a certificate?**** (00:00:38.565 --> 00:00:43.565)

- A) 60%
- B) 65%
- C) 70%
- D) 75%

Answer: C) 70%

Explanation:

Question 2

****According to the tax formula, what comes after gross income in the calculation sequence?**** (00:03:53.005 --> 00:04:05.345)

- A) Taxable income
- B) Deductions for adjusted gross income
- C) Credits
- D) Standard deduction

Answer: B) Deductions for adjusted gross income

Explanation:

Question 3

****What is the key difference between deductions and credits in the tax formula?**** (00:06:03.585 --> 00:06:19.265)

- A) Deductions reduce gross income while credits reduce taxable income
- B) Deductions reduce taxable income while credits reduce the tax liability
- C) Credits can only be used by businesses while deductions are for individuals
- D) Deductions are percentage-based while credits are fixed amounts

Answer: B) Deductions reduce taxable income while credits reduce the tax liability

Explanation:

Question 4

****What is the general rule regarding personal expenses according to the tax law?**** (00:14:50.205 --> 00:14:58.805)

- A) Personal expenses are deductible if they exceed a certain threshold
- B) Personal expenses are partially deductible based on income level
- C) Personal expenses are specifically prohibited except those specially allowed
- D) Personal expenses are fully deductible if properly documented

Answer: C) Personal expenses are specifically prohibited except those specially allowed

Explanation:

Question 5

****In the Conway Twitty case discussed in the transcript, why was Twitty allowed to deduct the \$97,000 he paid to investors?**** (00:15:22.705 --> 00:18:15.715)

- A) Because he was legally obligated to reimburse the investors
- B) Because the payments were made to protect his reputation
- C) Because the payments were considered a business investment
- D) Because the IRS made a special exception for celebrities

Answer: B) Because the payments were made to protect his reputation

Explanation:

Question 6

****What is the deductibility status of business meals when you're not away from home?**** (00:19:57.785 --> 00:20:37.435)

- A) Fully deductible
- B) 50% deductible
- C) Not deductible
- D) 75% deductible

Answer: B) 50% deductible

Explanation:

Question 7

****What is required to document business meal deductions according to the transcript?**** (00:20:46.215 --> 00:21:04.445)

- A) Credit card receipts only
- B) A log of meals with purpose, attendees, and discussion topics
- C) Witness statements
- D) Photos of the business meeting

Answer: B) A log of meals with purpose, attendees, and discussion topics

Explanation:

Question 8

****What is the rule regarding the deductibility of commuting expenses?**** (00:23:29.635 --> 00:23:36.925)

- A) Partially deductible
- B) Fully deductible
- C) Never deductible
- D) Deductible only for self-employed individuals

Answer: C) Never deductible

Explanation:

Question 9

****What is the maximum annual contribution limit for Health Savings Accounts (HSAs) for family coverage in 2024?**** (00:35:04.985 --> 00:35:16.815)

- A) \$3,850
- B) \$4,850
- C) \$7,500
- D) \$9,500

Answer: C) \$7,500

Explanation:

Question 10

****What is the maximum annual contribution limit for self-employed retirement plans in 2024?**** (00:38:36.105 --> 00:38:46.605)

- A) \$25,000
- B) \$50,000
- C) \$69,000
- D) \$100,000

Answer: C) \$69,000

Explanation:

Question 11

****What is the maximum annual contribution limit for self-employed retirement plans in 2024?**** (00:38:36.105 --> 00:38:46.605)

- A) \$25,000
- B) \$50,000
- C) \$69,000
- D) \$100,000

Answer: C) \$69,000

Explanation:

Question 12

****How does the Tax Cuts and Jobs Act affect the treatment of alimony?**** (00:41:29.495 --> 00:42:01.525)

- A) Alimony is always deductible by the payer
- B) Alimony is always taxable to the recipient
- C) For divorces after 2018, alimony is no longer deductible to the payer and not included in recipient's income
- D) For divorces after 2018, alimony is fully deductible to the payer and fully taxable to the recipient

Answer: C) For divorces after 2018, alimony is no longer deductible to the payer and not included in recipient's income

Explanation:

Question 13

****What is the deadline for making IRA contributions for a tax year?**** (00:44:37.185 --> 00:44:52.485)

- A) December 31st of the tax year
- B) The due date of the return without regard to extensions (typically April 15th)
- C) The due date of the return including extensions
- D) October 15th of the following year

Answer: B) The due date of the return without regard to extensions (typically April 15th)

Explanation:

Question 14

****What is the maximum student loan interest deduction available in 2024?**** (00:46:57.515 --> 00:47:06.685)

- A) \$1,500
- B) \$2,500
- C) \$5,000
- D) \$10,000

Answer: B) \$2,500

Explanation:

Question 15

****What is the current limit on mortgage interest deduction for qualified residence interest?**** (00:52:07.365 --> 00:52:19.025)

- A) \$500,000
- B) \$750,000
- C) \$1,000,000
- D) No limit

Answer: B) \$750,000

Explanation:

Question 16

****What is the overall limitation on charitable deductions as a percentage of adjusted gross income?**** (01:00:55.745 --> 01:01:12.455)

- A) 30%
- B) 40%
- C) 50%
- D) 60%

Answer: C) 50%

Explanation:

Question 17

****What is the time limit for carrying forward excess charitable contributions?**** (01:03:18.105 --> 01:03:30.285)

- A) 3 years
- B) 5 years
- C) 7 years
- D) 10 years

Answer: B) 5 years

Explanation:

Question 18

****What type of property is defined as "capital gain property" for charitable contribution purposes?**** (01:00:21.815 --> 01:00:29.945)

- A) Property held for less than one year
- B) Property on which a long-term capital gain would be recognized if sold
- C) Property donated to private foundations only
- D) Property that has depreciated in value

Answer: B) Property on which a long-term capital gain would be recognized if sold

Explanation:

Question 19

****What is required for cash or cash equivalent donations to be deductible, regardless of amount?**** (00:59:42.285 --> 00:59:54.595)

- A) A witness statement

- B) A record of the contribution (bank record, canceled check, or written record from charity)
- C) A formal appraisal
- D) A notarized statement

Answer: B) A record of the contribution (bank record, canceled check, or written record from charity)

Explanation:

Question 20

****How does the IRS define a "hobby" for tax purposes?**** (01:09:04.755 --> 01:09:12.615)

- A) An activity that generates less than \$5,000 in revenue
- B) An activity for which profit is not a primary motive
- C) Any recreational activity that occasionally generates income
- D) An activity conducted less than 20 hours per week

Answer: B) An activity for which profit is not a primary motive

Explanation: