

CTA - Certified Tax Advisor Practice Test Questions and Answers

1. Tax evasion is best defined as:

- A) Legal use of tax strategies to minimize tax liability
- B) Illegal concealment of income or fraudulent deductions to avoid paying taxes
- C) Claiming deductions that are later disallowed by the IRS
- D) Taking an aggressive position on a tax return

2. The step-up in basis at death allows heirs to:

- A) Deduct the decedent's unrealized losses
- B) Receive inherited assets with a cost basis equal to fair market value at date of death
- C) Avoid paying any capital gains on inherited property forever
- D) Transfer assets tax-free using the annual exclusion

3. What is the marital deduction in estate tax law?

- A) A credit equal to 50% of the estate value
- B) An unlimited deduction for assets passing to a US citizen surviving spouse
- C) A deduction for assets left to children
- D) A flat \$5 million exemption for married couples

4. Tax-loss harvesting is a strategy that involves:

- A) Selling appreciated assets to pay off debt
- B) Selling securities at a loss to offset capital gains
- C) Converting traditional IRA to Roth IRA
- D) Accelerating deductions into the current year

Answers: 1-B 2-B 3-B 4-B

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