

Certified Public Accountant Practice Test Questions and Answers

1. What is the 'wash sale' rule under IRC Section 1091?

- A) Gains on securities held less than 30 days are ordinary income
- B) A loss on a security sale is disallowed if substantially identical securities are purchased within 30 days before or after the sale
- C) Short sales must be reported as capital transactions
- D) Securities received as compensation must be held 2 years for capital gain treatment

2. Which of the following claims about donated assets are true?

- A) Donated assets are recorded at historical cost on a company's balance sheet.
- B) If the donor wishes anonymity, the assets are not listed on the company's balance sheet.
- C) A donation asset cannot have a gain recorded under GAAP until it is sold to a third party.
- D) Under GAAP the donation of an asset will result in a credit to either revenue or gain

3. What is the purpose of the IRS Section 179 deduction for businesses?

- A) Depreciate assets over their useful life
- B) Immediately expense the cost of qualifying business assets
- C) Defer gain on like-kind exchanges
- D) Deduct losses in excess of at-risk amounts

4. What role does peer review play in Certified Public Accountant practice?

- A) It creates unnecessary competition
- B) It provides quality assurance and professional development through collegial evaluation
- C) It replaces formal certification
- D) It is only for beginners

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

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