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Business Tax Test Report

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Time taken: 28:09
Started on: 9/2/2023 14:37
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Introduction
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The Business Tax Test is designed for those who are being employed for positions preparing and reviewing Federal tax returns for business, and working as tax accountants, tax preparers, tax associates and up to tax managers. In general terms the test should be appropriate for positions where an employer is looking for at least 1 tax season of experience. Different competency levels assessed within the test allow for the wide range of abilities and responsibilities of Tax Advisors.

Waiver & Limitations
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Accountests reports are an indicator of Tax Advisors knowledge and skills only. These tools work at their best in conjunction with competency based interview questions to both the candidate and their referees, personality profiles, and ability tests to reach a strong decision on whether to appoint the candidate into a role. Because successful candidate selection is based on personality and ability as well as skills and knowledge, Accountests Ltd accepts no responsibility for selection or other decisions made using this tool and cannot be held liable for the consequences of doing so.

Context
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This report is generated from the candidate's responses to 40 questions covering Entities and Basis, Deductions and Credits, Income (Gains and Losses), Returns and Calculations the level expected of competent Tax Advisors. Questions are divided into 3 Levels of Competency based on levels set by a Tax Specialist expert group. Questions are limited to Federal Tax.

Unsupervised Test Scores
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All online tests provide an estimate of the candidate's abilities, knowledge and skills. However, they do so on the assumption that the tests were completed unassisted and under standard conditions. These conditions cannot be assured if these tests have been completed unsupervised.

For more information read the Test Administration Best Practice Guide on our website.

Content
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1. Overall test score compared to Tax Advisor Levels of Competency

2. Test performance in Entities and Basis, Deductions and Credits, Income (Gains and Losses), Returns and Calculations

3. Performance in each of the 40 Questions

4. Interpreting test scores

David Comparison to Tax Advisor Competencies.

Level 1 – Is David a Competent Tax Associate?

12 Questions (100%)

10 Correct (83%)
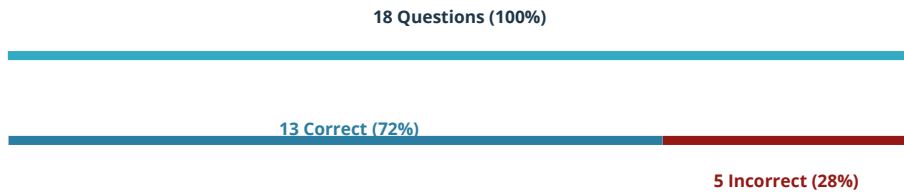
2 Incorrect (17%)
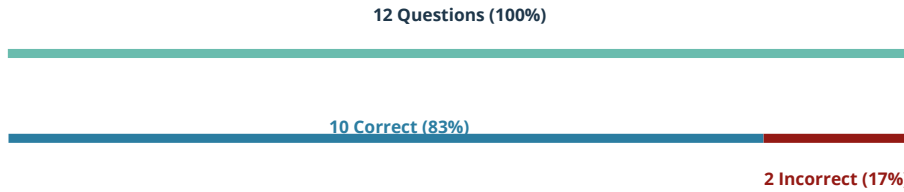
David scored 83% in Level 1 competency. The benchmark to be considered competent is 75%.

If your candidate scored above 75% at Level 1, as an employer you should expect the candidate can prepare a simple return without help. Their work would still need to be reviewed carefully. This level of competency might be expected of someone with one or two tax seasons experience.

If David has scored in excess of 75% correct on the Level 1 questions then they have the skills of a competent Tax Associate.

Unless this candidate is also competent at Level 2 you should ensure any tax returns are fully reviewed before you rely on them.

Level 2 – Is David a Competent Tax Senior Associate?

18 Questions (100%)

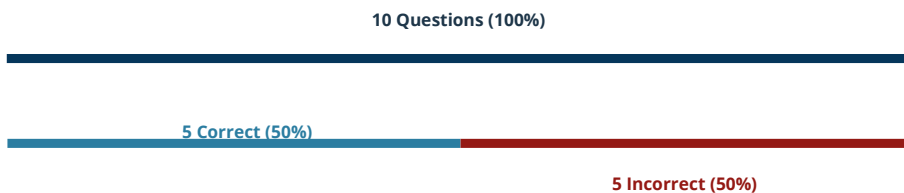**13 Correct (72%)**

5 Incorrect (28%)

David scored 72% in Level 2 competency. The benchmark to be considered competent is 75%.

If your candidate scored above 75% at Level 2, they should be able to prepare returns with some complexity without help. This level of competency might be expected of someone with 3 or 4 tax seasons of experience.

If David has scored in excess of 75% correct on both the Level 1 and Level 2 questions then they have the skills of a Tax Senior Associate.

Level 3 - Is David a competent Tax Manager?

10 Questions (100%)

5 Correct (50%)

5 Incorrect (50%)

David scored 50% in Level 3 competency. The benchmark to be considered competent is 75%.

If your candidate scored above 75% at Level 3, they can prepare complex returns without assistance. Other than for good risk management practices their work should not need to be reviewed. This level of competency might be expected of someone with 5+ years of experience.

If your candidate has scored in excess of 75% correct on the Level 1, 2 and 3 questions then they have the skills of a Tax Manager.

Important Note: Questions in the assessment were reviewed by an expert group of experienced tax specialists. The competency levels were set by the expert group using Delphi Qualitative Analysis, a recognised and statistically valid methodology. However there is an inherent variability in candidate performance in different tax advisory skills areas, and therefore some judgement is required. Accountests is available to assist in test interpretation.

Entities and Basis

Entities and Basis: Questions about how taxes apply to different entities and how basis is deferred

Level 1

A high proportion of correct answers at Level 1 indicates a candidate should be able to prepare a simple return without help. Their work would still need to be reviewed carefully.

2 Questions (100%)

2 Correct (100%)

Level 2

A high proportion of correct answers at Level 2 indicates a candidate should be able to prepare returns with some complexity without help. Their work would still require review.

4 Questions (100%)

3 Correct (75%)

1 Incorrect (25%)

Level 3

A high proportion of correct answers at Level 3 indicates a candidate should be able to prepare complex returns without assistance. Other than for good risk management practices their work should not need to be reviewed.

2 Questions (100%)

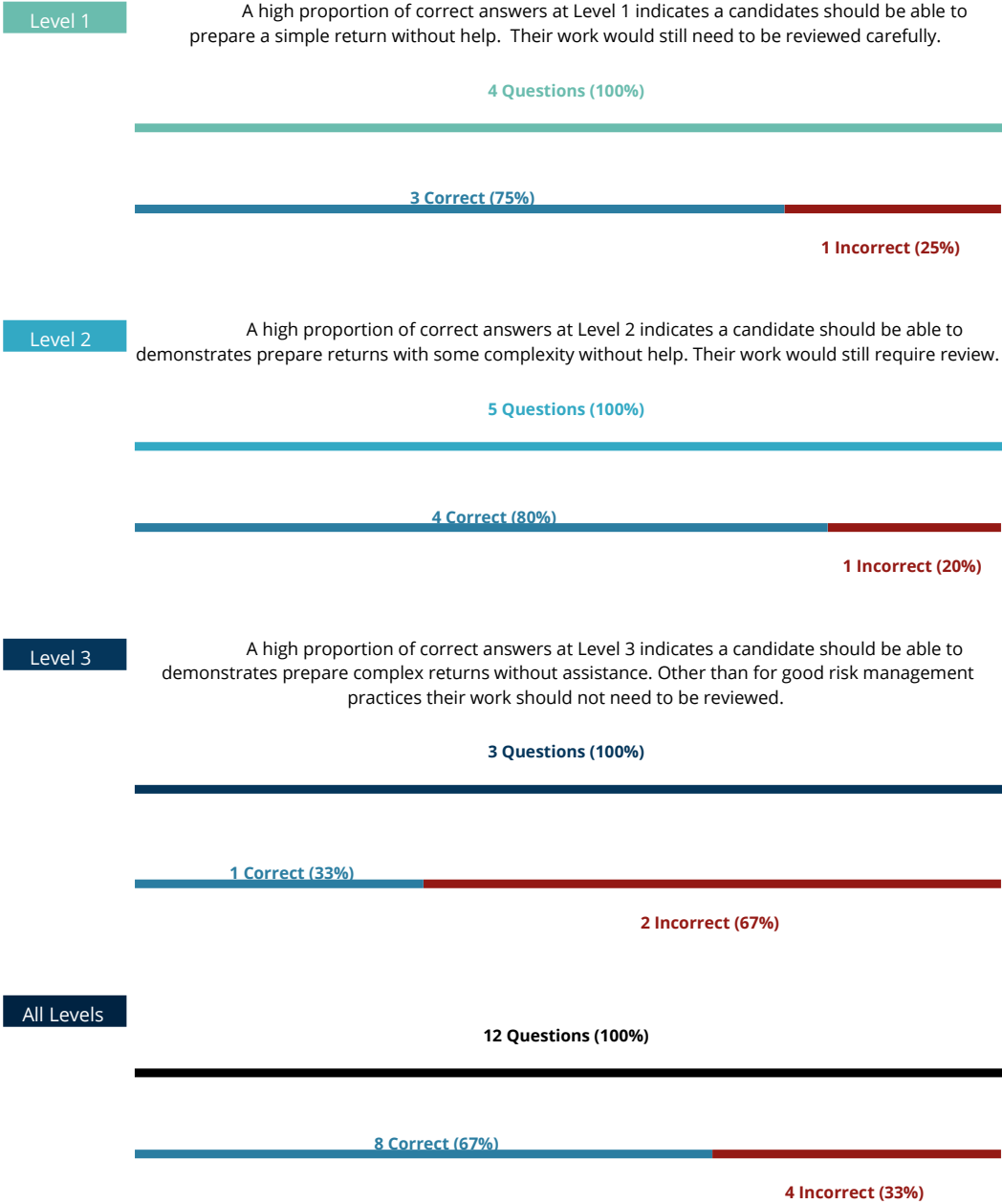**2 Correct (100%)**

All Levels

8 Questions (100%)

7 Correct (88%)

1 Incorrect (13%)

Deductions and Credits

Deductions and Credits: Questions about deductions - immediate and deferred

A high proportion of correct answers at Level 1 indicates a candidates should be able to prepare a simple return without help. Their work would still need to be reviewed carefully.

4 Questions (100%)

3 Correct (75%)

1 Incorrect (25%)

Level 2

A high proportion of correct answers at Level 2 indicates a candidate should be able to demonstrates prepare returns with some complexity without help. Their work would still require review.

5 Questions (100%)

4 Correct (80%)

1 Incorrect (20%)

Level 3

A high proportion of correct answers at Level 3 indicates a candidate should be able to demonstrates prepare complex returns without assistance. Other than for good risk management practices their work should not need to be reviewed.

3 Questions (100%)

1 Correct (33%)

2 Incorrect (67%)

All Levels

12 Questions (100%)

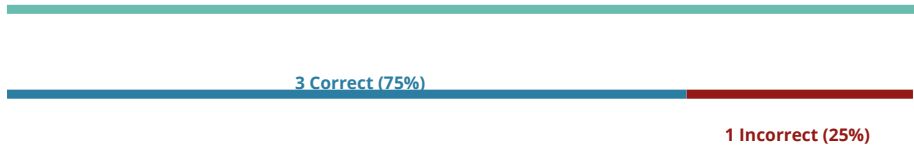**8 Correct (67%)**

4 Incorrect (33%)

Income Gains and Losses

Income Gains and Losses: Questions about what income gains or losses needs to be reported, capital gains and losses and non taxable income
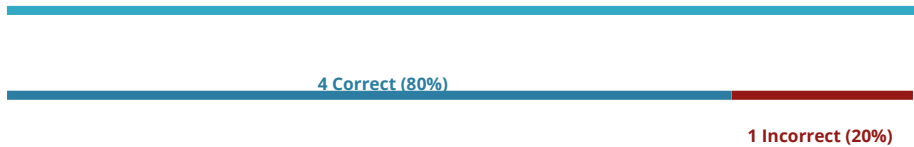
Level 1

A high proportion of correct answers at Level 1 indicates a candidate should be able to prepare a simple return without help. Their work would still need to be reviewed carefully.

4 Questions (100%)
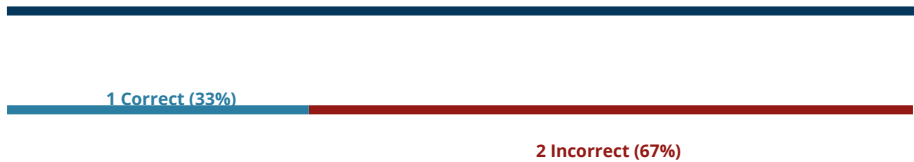
3 Correct (75%)

1 Incorrect (25%)

Level 2

A high proportion of correct answers at Level 2 indicates a candidate should be able to prepare returns with some complexity without help. Their work would still require review.

5 Questions (100%)

4 Correct (80%)

1 Incorrect (20%)

Level 3

A high proportion of correct answers at Level 3 indicates a candidate should be able to prepare complex returns without assistance. Other than for good risk management practices their work should not need to be reviewed.

3 Questions (100%)

1 Correct (33%)

2 Incorrect (67%)

All Levels

12 Questions (100%)

8 Correct (67%)

4 Incorrect (33%)

Returns and Calculations

Returns and Calculations: Questions about tax payments, where to report how to calculate

Level 1

A high proportion of correct answers at Level 1 indicates a candidate should be able to prepare a simple return without help. Their work would still need to be reviewed carefully.

2 Questions (100%)

2 Correct (100%)

Level 2

A high proportion of correct answers at Level 2 indicates a candidate should be able to prepare returns with some complexity without help. Their work would still require review.

4 Questions (100%)

2 Correct (50%)

2 Incorrect (50%)

Level 3

A high proportion of correct answers at Level 3 indicates a candidate should be able to prepare complex returns without assistance. Other than for good risk management practices their work should not need to be reviewed

2 Questions (100%)

1 Correct (50%)

1 Incorrect (50%)

All Levels

8 Questions (100%)

5 Correct (63%)

3 Incorrect (38%)

Performance in each of the individual questions

#	Topic	Category	Level	Result
1	Taxing of corporations	Entities and Basis	Level 1	Correct
2	Basis for depreciation	Entities and Basis	Level 1	Correct
3	Criteria for entity election	Entities and Basis	Level 2	Correct
4	S-Corporation allocations	Entities and Basis	Level 2	Correct
5	Tax treatment of trade-in	Entities and Basis	Level 2	Correct
6	Basis calculation	Entities and Basis	Level 2	Incorrect
7	Sharing of partnership interests	Entities and Basis	Level 3	Correct
8	Basis in new asset	Entities and Basis	Level 3	Correct
9	Prepayments under cash accounting	Deductions and Credits	Level 1	Correct
10	Entertainment expenses	Deductions and Credits	Level 1	Correct
11	Mileage rate deductions	Deductions and Credits	Level 1	Correct
12	Depreciation start dates	Deductions and Credits	Level 1	Incorrect
13	Employee bonus accruals	Deductions and Credits	Level 2	Correct
14	Set up costs	Deductions and Credits	Level 2	Correct
15	Charitable contributions	Deductions and Credits	Level 2	Correct
16	Business goodwill treatment	Deductions and Credits	Level 2	Correct
17	Deductible repairs	Deductions and Credits	Level 2	Incorrect
18	Loss flow through	Deductions and Credits	Level 3	Correct
19	Capitalization of costs	Deductions and Credits	Level 3	Incorrect
20	Trust distributions	Deductions and Credits	Level 3	Incorrect

✓ Correct   ✗ Incorrect   ○ Omitted

Correct ✓   Incorrect ✗   Omitted ○

21	Payments other than in cash	Income Gains and Losses	Level 1	✓
22	Stock buy back	Income Gains and Losses	Level 1	✓
23	Cash basis income timing	Income Gains and Losses	Level 1	✓
24	Taxable gain on sale calculation	Income Gains and Losses	Level 1	✗
25	Asset exchanges	Income Gains and Losses	Level 2	✓
26	Employee stock plans	Income Gains and Losses	Level 2	✓
27	Tax status of distributions to shareholders	Income Gains and Losses	Level 2	✓
28	Using capital losses	Income Gains and Losses	Level 2	✓
29	Calculate share of partnership income	Income Gains and Losses	Level 2	✗
30	Capital gain calculation	Income Gains and Losses	Level 3	✓
31	Tax treatment of rental income	Income Gains and Losses	Level 3	✗
32	Dividends received deduction	Income Gains and Losses	Level 3	✗
33	Filing deadlines	Returns and Calculations	Level 1	✓
34	Filing requirements for contractors	Returns and Calculations	Level 1	✓
35	Installment tax payments	Returns and Calculations	Level 2	✓
36	Reconcile book to tax income	Returns and Calculations	Level 2	✓
37	Income tax rates	Returns and Calculations	Level 2	✗
38	Identify trust charactoristics	Returns and Calculations	Level 2	✗
39	Restricted stock options	Returns and Calculations	Level 3	✓
40	Estate distribution calculation	Returns and Calculations	Level 3	✗

✓ Correct   ✗ Incorrect   ○ Omitted

Interpreting Test Scores
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The following information provides a guide on how to interpret the results of a candidates test.

Overall Scores
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An overview of test performance at each level provides a summary of how many questions your candidate completed in the allocated time of 30 minutes, how many they got correct, incorrect and the number of questions omitted.

We have deliberately not included a summary of the candidate performance across the whole test as this does not add to understanding of their competency at any particular Level.

Omitted Questions
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Attention should be paid to the number of questions omitted. Because the test is timed, questions are omitted where a candidate chooses to skip a question and also where they run out of time.

To determine whether your candidate ran out of time, look at the cover page to see the time they took to complete the test. If the time is 30:00, then the candidate was still working on the test when their time expired.

Tax Topics
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For each of the four Tax Topics in this test, you can see the number of questions the candidate answered correctly, incorrectly and questions omitted.

Each topic is broken down into Level 1, Level 2 and Level 3 questions to identify the skill and knowledge level your candidate possesses in that topic. A description of likely capabilities at each level is also provided.

Interpreting your candidate's performance against each topic is achieved by looking where their number of incorrect questions increases. In a Income example, a candidate with a very high number of correct Level 1 Questions, half of the Level 2 Questions correct and none of the Level 3 Questions correct is likely to be able to work competently at Level 1 only.

Individual Questions
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The most detailed level of the report lists all 40 questions topics, whether they were answered correctly, incorrectly or omitted, allowing selection panels to drill down to explore particular elements of tax advisory most important to their organization, and their candidate's performance against each of those questions.