



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 07BECO	LEVEL: 7
COURSE CODE: PFN712S	COURSE NAME: PUBLIC FINANCE
SESSION: JULY 2023	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

2ND OPPORTUNITY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Read all the questions carefully before answering.3. Number the answers clearly

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Including this front page)

SECTION A: MULTIPLE CHOICE**10 MARKS**

1. The Minister of Finance tables the national budget to Parliament for:
 - a. Implementation
 - b. Approval
 - c. Filling
 - d. Endorsement
2. Hon. Ipumbu Shiimi is the Minister of:
 - a. Finance
 - b. Finance and Public Enterprise
 - c. Budgeting and Planning
 - d. All of the above
3. A public road built by the Ministry of Transport is an:
 - a. Output of the Ministry
 - b. Outcome of the Ministry
 - c. A product of the Ministry
 - d. A program of the Ministry
4. The National budget is approved by:
 - a. The office of the President
 - b. The Parliament
 - c. The Ministry of Finance
 - d. The Government of Namibia
5. The main budget document that provides an account of how line ministries have implemented the budget is
 - a. The state of the Nation address
 - b. The Accountability Report
 - c. The Medium-Term Expenditure Framework (MTEF)
 - d. The Budget Statement
6. The following is not one of the purpose of taxation
 - a. Reprising
 - b. Redistribution
 - c. Representation
 - d. Republication
7. Taxes that are are collected from someone other than the person ostensibly responsible for paying the taxes are known as:
 - a. Direct taxes
 - b. Indirect taxes
 - c. External taxes

- d. Domestic taxes
8. The process of passing the burden of the tax to others IS CALLED:
- a. Tax shifting
 - b. Tax evasion
 - c. Tax erosion
 - d. All of the above
9. Statutory incidence
- a. Indicates who is legally responsible for the tax and legal responsibility implies the obligation to collect and remit the tax to government.
 - b. Is the change in the distribution of private real income brought about by the tax.
 - c. Is an economic term for understanding the division of a tax burden between stakeholders, such as buyers and sellers or producers and consumers.
 - d. All of the above
10. Private benefit is:
- a. The increase in consumer happiness from the consumption of one more unit of a good or service.
 - b. The increase in a firm's costs when it produces one more unit of a good or service.
 - c. The total cost from the production of a good, including both the private cost and any production externality.
 - d. A and c

SECTION B: TRUE OR FALSE**10 MARKS**

1. Edgeworth Box is an analytical device used to model welfare economic theory.
2. Lack of data does not prevent policymakers from assessing the potential impact of major changes to the tax system.
3. The Ministry of Finance in Namibia is the nation's main tax collecting authority.
4. Externalities (third parties effects) can never be positive.
5. There are no gains from trade or reallocation when there is Pareto Efficient.
6. Tax reforms are not effective in stabilizing the economy.
7. Namibia implements a regressive tax regime.
8. The burden of the tax equals the tax revenue plus the deadweight loss.
9. Perverse incentives is the tendency for spenders to have incentive to use all the resources provided them; fearing that if they don't, they risk cuts in the next budget.
10. Namibia has never experienced a budget deficit since independence.

SECTION C**[55 MARKS]****QUESTION 1****15 MARKS**

a. Elaborate upon the following terms:

- i. Statutory incidence of taxes [5]
- ii. Economic incidence of taxes [5]
- iii. Budget calendar [5]

QUESTION 2**[10 MARKS]**

- i. What is a national budget [2 Marks]
- ii. Budget cycle in Namibia has four phases, list and describe them in detail [8 Marks]

QUESTION 3**[10 MARKS]**

Calculate VAT @ 20% in N\$.

Producer	Purchase (N\$)	Sale (N\$)	Value added (N\$)	VAT @ 20% rate (N\$)
Farmer	0	200	200	
Miller	200	350	150	
Baker	350	475	125	

Grocer	450	500	50	
Total	1,025	1,525	500	

QUESTION 3

[20MARKS]

Discuss four principles of tax incidence.

SECTION D

25 MARKS

QUESTION 1

[10MARKS]

With the help of a diagram, discuss the deadweight loss of taxation

QUESTION 2

[15MARKS]

Provide a detailed description of the important steps involved in the budgeting process in Namibia.

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05/05/2023