



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**
FACULTY OF MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 07BECO	LEVEL: 7
COURSE CODE: PFN712S	COURSE NAME: PUBLIC FINANCE
SESSION: JUNE 2022	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION_PAPER	
EXAMINER(S)	MR. MALLY LIKUKELA
MODERATOR:	MR. M MBAHA

INSTRUCTIONS
<ol style="list-style-type: none">1. This paper consist of section A,B,C and D2. Answer ALL questions3. Number your answers in accordance with the question paper.4. Start each section answer on a new page5. Write clearly and legibly

PERMISSIBLE MATERIALS

1. Pen/pencil/eraser
2. Ruler
3. Calculator

THIS EXAMINATION MEMORANDA CONSISTS OF 3 PAGES (Including this front page)

SECTION A	20 MARKS
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QUESTION 1 [10 MARKS]

Define and explain the scope for Public Finance.

QUESTION 2 [10 MARKS]

Describe the five solutions to the problem of externalities.

SECTION B	30 MARKS
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QUESTION 1 [10 MARKS]

- i. List five sources of government revenue in Namibia [5]
- ii. List the main sectors in which the Namibian budget is distributed [5]

QUESTION 2 [10 MARKS]

Describe the main disadvantages of Value Added Tax (VAT).

QUESTION 3 [10 MARKS]

- i. Define tax incidence [2]
- ii. Explain the four important principles of tax incidence: [8]

SECTION C	20 MARKS
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QUESTION 1 [10 MARKS]

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

QUESTION 2 [10 MARKS]

Discuss the main rationale for tax reform in an economy's tax system and relate to Namibian situation.

QUESTION 1

[30 MARKS]

Income Tax in 2013

Taxable amount(N\$)	Tax on lower amount(N\$)	% tax on excess over lower amount
0 – 50 000	0	0%
50 001 – 100 000	0	18%
100 001 – 300 000	9 000	25%
300 001 – 500 000	59 000	28%
500 001 – 800 000	115 000	30%
800 001 – 1 500 000	205 000	32%
Above 1 500 001	429 000	37%

Source: PWC

Namibian Income Tax is taxed based on the table above.

- a. Calculate the total amount of tax paid by an individual earning NS750 001 per annum. [5]
- b. Define effective rate and marginal rate. [5]
- c. Calculate the effective rate and marginal rate [5]
- d. Elaborate upon the following terms:
 - i. Statutory incidence of taxes [5]
 - ii. Economic incidence of taxes [5]
 - iii. Budget calendar [5]

