



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF ENGINEERING AND THE BUILT ENVIRONMENT

DEPARTMENT OF LAND AND SPATIAL SCIENCES

QUALIFICATION(S): BACHELOR OF PROPERTY STUDIES BACHELOR OF LAND ADMINISTRATION DIPLOMA IN PROPERTY STUDIES	
QUALIFICATION(S) CODE: 08BOPS 07BLAM 06DIPS	NQF LEVEL: 6
COURSE CODE: LET621S	COURSE NAME: LAND ECONOMICS AND TAXATION
EXAMS SESSION: DECEMBER 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY/SUPPLEMENTARY EXAMINATION QUESTION PAPER	
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INSTRUCTIONS
<ol style="list-style-type: none">1. Read the entire question paper before answering the Questions.2. Please write clearly and legibly!3. Please START EACH QUESTION ON A FRESH PAGE.4. The question paper contains a total of 5 questions.5. You must answer <u>ALL QUESTIONS.</u>6. Make sure your Student Number is on the EXAMINATION BOOK(S).

PERMISSIBLE MATERIALS

1. Non-programmable Scientific Calculator

THIS QUESTION PAPER CONSISTS OF 9 PAGES (Including this front page)

Question 1

For each of the following statements indicate whether it is 'TRUE' or 'FALSE'. Each correct answer carries 1 mark.

- 1.1 Land by itself has little economic value until it is used in conjunction with inputs of capital, labour and management.
- 1.2 The threefold framework affecting land use includes economic, social, and environmental factors.
- 1.3 Economic factors in the threefold land use framework primarily involve considerations such as land value and market demand.
- 1.4 Social factors in land use decisions typically ignore cultural and community needs.
- 1.5 Environmental factors in the framework include the sustainability of natural resources and ecosystem protection.
- 1.6 The threefold framework suggests that land use decisions are solely based on economic gain.
- 1.7 Urbanisation and population growth are social factors that can influence land use patterns.
- 1.8 Land use planning under the threefold framework does not consider the impact of environmental degradation.
- 1.9 Land use planning under the threefold framework of land use does not consider the impact of environmental degradation.
- 1.10 Evaluating land use capacity is essential for identifying areas that are suitable for different development purposes.
- 1.11 The threefold framework encourages balancing development needs with environmental conservation.

- 1.12 Increasing discretionary grants or unrestricted indirect taxes to local governments encourages more efforts to improve property tax mobilization.
- 1.13 Political support for property tax reform tends to increase when alternative funding sources are reduced.
- 1.14 Central government control over property tax rate setting has no effect on local governments' incentives to improve tax collection.
- 1.15 Reforming property tax administration requires addressing both technical and political challenges to be effective.
- 1.16 Property tax buoyancy increases automatically with economic growth without the need for revaluation or policy changes.
- 1.17 Environmental factors play a critical role in determining the land's capacity for specific uses.
- 1.18 Land with harsh physical conditions is always unsuitable for any productive use.
- 1.19 For any two parcels of different locations, the magnitude of rent advantage associated with the use of land closer to the market corresponds with the differences in transportation cost between the two areas to the market.
- 1.20 Beyond the no-rent point any production carried out will call for reduction of payment that normally goes to labour and management (cost of production).
- 1.21 By Von Thunens theory of land rent, farm product prices are determined by the production cost at the extensive margins of production.
- 1.22 Ricardo believed that the use of less productive lands (extensive margin of land use) leads to increasing cost of production and rising price per unit to command the additional production. This arises as a result of corresponding higher output associated with the use of such lands.

- 1.23 Von Thunen concept of emergence of land rent is based on the simple reason when crops are produced for central city market; lands which are located near the city and thus of higher quality in terms of productivity enjoys rent advantage over those located at greater distance.
- 1.24 To determine the highest and best use, market demand and legal constraints must be analyzed.
- 1.25 Land capability classifications are commonly used in agricultural planning to guide land use decisions.
- 1.26 Social and cultural factors are irrelevant when assessing land use capacity.

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Question 2

- 2.1 Distinguish between the concepts of 'Land use capacity' and 'Highest and best Use'. (3)
- 2.2 State the significance of the concept of 'Land use capacity' with regards to rent-paying ability. (2)
- 2.3 List the two (2) main factors responsible for ability of land to pay rent. (2)
- 2.4 Briefly account for any the factors that may cause changes in Use-Capacity of land. (7)
- 2.5 Profile of urban land Uses on the basis of Returns earned is such that the highest value lands at the centre of cities are used for commercial purposes, while areas with successively lower values are used for residential, cropland etc.
Mention the four (4) areas where variations in this general profile usually take place. (6)

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Question 3

- 3.1 The volume of revenue from property tax depends partly on the rateable value and tax rates, and partly on collection efficiency. To what extent is this statement true regarding property tax administration? (15)

- 3.2 The process of property identification is often more difficult in developing countries. Enumerate any five (5) factors responsible for this situation. (5)

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Question 4

Read each question carefully. Among the alternative answers, choose the letter that correspond to the best/correct answer. Each correct answer carries 1 mark.

- 4.1 What is the primary purpose of assessing land use capacity?
- A) To determine ownership rights
 - B) To identify suitable uses balancing economic and environmental factors
 - C) To increase taxation rates
 - D) To map political boundaries
- 4.2 Decentralization in property tax administration can improve mobilization by:
- A) Reducing local government responsibility for valuation
 - B) Increasing local government control and accountability
 - C) Centralizing tax collection to national authorities
 - D) Eliminating tax rates to encourage development
- 4.3 What is a key policy issue limiting property tax buoyancy in many African countries?
- A) High tax rates imposed by central governments
 - B) Central government restrictions limiting local government rate-setting
 - C) Excessive local government political control
 - D) Frequent revaluations increasing taxpayer resistance
- 4.4 Why do local governments sometimes resist property tax reforms?
- A) Because they benefit from indirect taxes and government transfers
 - B) Because they want to increase property tax revenue
 - C) Because they lack any political opposition
 - D) Because property owners support reforms strongly

- 4.5 Contracting out property tax administration to private firms is becoming common because:
- A) It reduces political interference and improves collection efficiency
 - B) Private firms pay the property taxes themselves
 - C) It eliminates the need for valuation
 - D) Local governments lack legal authority to collect taxes
- 4.6 In the absence of an updated fiscal cadastre, new constructions often:
- A) Are immediately added to tax rolls
 - B) Go unrecorded, causing stagnation in the tax base
 - C) Are subject to higher taxes than existing properties
 - D) Are regularly inspected by tax authorities
- 4.7 Property tax reforms require integration into broader public sector reforms because:
- A) They depend heavily on political and administrative coordination
 - B) They function independently of fiscal decentralization
 - C) They only affect rural areas with limited governance
 - D) Reforms are usually short-term initiatives
- 4.8 How can poor water availability affect rent paying ability?
- A) It decreases productivity and hence the rental value
 - B) It increases demand for leased land
 - C) It has no effect since rent is fixed by law
 - D) It forces governmental ownership
- 4.9 Which element is essential when determining the rent paying ability of agricultural land?
- A) Soil fertility and crop yield potential
 - B) Distance from the ocean
 - C) Owner's length of ownership
 - D) Property tax rates only
- 4.10 Which approach balances land use capacity with sustainable rent expectations?
- A) Ignoring environmental limitations
 - B) Applying land capability classifications with market analysis

- C) Focusing solely on short-term financial gain
- D) Prioritizing urban development regardless of capacity

4.11 Urban land generally has higher rent paying ability because:

- A) It supports a wider range of economically productive uses
- B) It is less regulated
- C) It has poor soil quality
- D) It always has fertile land

4.12 What does a low land use capacity imply about its rent paying ability?

- A) High rent due to scarcity
- B) Low rent due to limited productive potential
- C) No influence on rent
- D) Rent is solely determined by owner preference

4.13 The highest and best use of land impacts land values because it:

- A) Ignores financial feasibility
- B) Only focuses on current use
- C) Reflects the maximum rent that can be generated through optimal use
- D) Is unrelated to land rent

4.14 The inelasticity of the property tax base in many African countries is mainly because:

- A) Property values do not automatically increase with inflation or economic growth
- B) Property owners frequently sell properties
- C) Property taxes adjust in line with sales taxes
- D) Rental values always increase with population growth

4.15 Why is it difficult to link tax liability to properties in many African urban areas?

- A) Properties are mainly identified through canvassing instead of formal titles
- B) Detailed cadastral maps incorrectly segment parcels
- C) Existence of well-named streets but inconsistent house numbering
- D) Overly frequent updates of property records causing confusion

- 4.16 What is a fundamental reason why many assessed properties in Africa remain unpaid?
- A) Presence of an ideal fiscal cadastre with clear property codes
 - B) Lack of an effective monitoring and enforcement system for tax collection
 - C) Regular use of tax maps and formal street addresses
 - D) Frequent updates of property rolls leading to taxpayer confusion
- 4.17 What is the impact of lacking street addresses and house numbers on property taxation in cities?
- A) Tax bills are easier to deliver and penalties easier to enforce
 - B) Properties can be assessed more accurately
 - C) Tax liabilities cannot be reliably linked to property owners, resulting in widespread non-payment
 - D) The fiscal cadastre system works effectively through canvassing
- 4.18 What factor increases the difficulty and cost of updating the fiscal cadastre?
- A) Low property mobility
 - B) High supply of technical staff for valuation
 - C) The need for frequent surveying and property inspections
 - D) Availability of digital cadastral systems
- 4.19 Simplified valuation systems that ignore building size, location, or condition often lead to:
- A) Fair taxation due to uniformity
 - B) Underestimation of property values and limited revenue collection
 - C) Higher collection of taxes from wealthier homes
 - D) More equitable property tax distribution
- 4.20 How does lease duration affect land rent values?
- A) Only influence tax rates
 - B) Shorter leases increase rent
 - C) No relation between lease length and rent
 - D) Longer leases typically result in higher rents

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Question 5

- 5.1 What properties may be exempt from paying land taxes under the Agricultural (Commercial) Land Reform Act of 1995? (4)

5.2 What is meant by 'variable tax rate'? (2)

5.3 Given the following information for a hypothetical Municipal Authority, determine the property tax rate to be adopted for the purpose of calculating and levying property tax for the ensuing financial year. (8)

Municipal expenditure requirement			
Extension of water supply		400,000,000	
Extension of central sewage system		60,000,000	
Waste collection		9,800,000	
Acquisition of new Ambulance		41,300,000	
Construction of District hospital		25,000,000	
Construction of Primary Health Care Centre		13,800,000	
Non-Property tax revenue sources			
Donations		30,000,000	
Interest on Investment		10,000,000	
Grants from central government		60,000,000	
Abattoir charges		44,000,000	
Registration fees for Taxi cabs and commuter buses		20,000,000	
Trade license fees		42,000,000	
Types of Properties	Land Values (N\$)	Improvement values(N\$)	
Residential properties	334,961,400	1,913,206,000	
Industrial properties	299,689,000	2,633,890,000	
Commercial properties	1,244,890,000	2,598,601,000	

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