

University of Swaziland

Faculty of Social Science

Department of Economics

Supplementary Examination Paper, July 2014

Title of paper : **Public Finance II**

Course Code : **Econ 409**

Time allowed : **Three (3) hours**

Instructions : **1. Answer four (4) questions.**
2. All questions carry equal marks of twenty five (25) each.

Do not open this paper until the invigilator has granted permission.

Question 1

- a) Distinguish carefully between the tax base and tax rate. (5 marks)
- b) Briefly explain the economic effects of taxation on the following:
- i) Production of growth
 - ii) Distribution of income and wealth
 - iii) Economic stabilisation
 - iv) Inflationary pressure (5 marks each)

Question 2

Setting up an efficient and fair tax system is far from simple, particularly for developing countries that want to become integrated in the international economy? Discuss. (25 marks)

Question 3

- a) When taxes are evaluated we need to look at fairness only. Do you agree? Discuss briefly. (18 marks)
- b) What do you understand by the term tax evasion? (7 marks)

Question 4

Describe fully the advantages and disadvantages of a Public Limited Company. (25 marks)

Question 5

- a) Write short explanatory notes on the following:
- i) Public Corporation versus joint stock company
 - ii) Debt held by the public versus Intergovernmental holdings. (10 marks)
- b) What five (5) major factors explain the deficit problem in the developing countries? (15 marks)

Question 6

Discuss briefly the key measures needed to improve the fiscal position and public financial budget in Swaziland. (25 marks)